Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-seventh Annual General Meeting of **THE BANK OF NOVA SCOTIA JAMAICA LIMITED** will be held on **Friday the 20th February 2004** at 10:00 a.m. at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, Jamaica for the following purposes, namely:-

1. To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended October 31, 2003 and to consider and (if thought fit) pass the following resolution:

   Resolution No. 1
   "That the Directors' Report, the Auditors' Report and the Statements of Account of the Company for the year ended October 31, 2003 be approved and adopted."

2. To approve and ratify interim dividends:-

   To consider and (if thought fit) pass the following resolution:

   Resolution No. 2
   "That the interim dividends paid of 30.5 cents on April 7, 2003, 30.5 cents on July 7, 2003, 36 cents on October 8, 2003 and 40 cents and a special dividend of 38 cents totalling 78 cents on January 12, 2004 be and are hereby ratified."

3. To elect Directors and fix their remuneration. The Directors retiring from office by rotation pursuant to Article 90 of the Company's Articles of Association are Messrs. Peter Godsoe, Warren McDonald and Dr. Herbert Thompson. Mr. Warren McDonald and Dr. Herbert Thompson who being eligible, offer themselves for re-election. Mr. Peter Godsoe has not offered himself for re-election.

   In accordance with Article 93 of the Company's Articles of Association Messrs. Richard Waugh, Robert Pitfield, Anthony Allen, Dr. Wayne Henry and Miss Minna Israel having been appointed to the Board since the last Annual General Meeting shall cease to hold office and, being eligible, offer themselves for election.

   To consider and (if thought fit) pass the following resolutions:

   Resolution No. 3
   a) "That retiring Director Warren McDonald be and is hereby re-elected a Director of the Company."
   b) "That retiring Director Herbert Thompson be and is hereby re-elected a Director of the Company."
   c) "That retiring Director Richard Waugh be and is hereby elected a Director of the Company."
   d) "That retiring Director Robert Pitfield be and is hereby elected a Director of the Company."
   e) "That retiring Director Anthony Allen be and is hereby elected a Director of the Company."
   f) "That retiring Director Wayne Henry be and is hereby elected a Director of the Company."
   g) "That retiring Director Minna Israel be and is hereby elected a Director of the Company."

4. To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.
   To consider and (if thought fit) pass the following resolution:

   Resolution No. 4
   "That PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

NOTICE OF ANNUAL GENERAL MEETING CONT'D

5. As special business, to consider and, if thought fit, pass the following SPECIAL RESOLUTION:

Resolution No. 5
"THAT the Articles of Association of the Company be amended as follows:

(a) Article 73 should be renumbered Article 73(1) and the following be included as Article 73(2):
"73(2). A person shall not be eligible to be elected a Director after he has attained 70 years of age. Any Director who attains the age of 70 years may continue in office until the expiry of his term of office."

(b) Article 97 should be deleted and replaced with the following:

"97(1). The Directors may elect from amongst themselves a Chairman and Deputy Chairman of their Board who shall hold office until the expiry of their term in office as Directors or until the Directors shall elect a new Chairman or Deputy Chairman; but if no such Chairman or Deputy Chairman be elected, or if at any meeting both of them be not present, the Directors present shall choose some one of the directors present to be Chairman of such meeting.

97(2). The Chairman and Deputy Chairman while they continue in office, shall not be subject to retirement from the Board of Directors by rotation, nor shall they be taken into account in determining the number of directors to retire."

6. Any other business for which due notice has been given.

BY ORDER OF THE BOARD

David Noël
Secretary
November 27, 2003

REGISTERED OFFICE
Scotiabank Centre
Duke & Port Royal Streets
Kingston

A member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not also be a Member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

FINANCIAL & OTHER HIGHLIGHTS

Financial Position ($ Millions)	2003	Restated 2002
Total Assets	148,155	127,367
Earning Assets		
Performing Loans, net of provisions	47,111	38,514
Repos	17,249	14,121
Non performing Loans	964	907
Investments & Others	61,261	52,327
Deposits	87,067	76,948
Stockholders' Equity	17,656	14,066
Earnings and Dividends ($Millions)		
Gross Operating revenue	19,689	15,547
Profit before Taxation	7,307	5,309
Profit after Taxation	5,457	3,870
Dividends paid and proposed	2,561	1,683
Financial Ratios		
Earnings per stock unit ($)	3.73	2.64
Dividends per stock unit ($)	1.75	1.15
Dividend payout ratio (%)	46.92	43.56
Return on average equity after tax (%)	34.22	29.16
Return on assests at year- end (%)	3.68	3.04
Net Interest Margin (%)	7.85	6.53
Risk based Capital Adequacy Ratio (%)	22.49	25.03
Other Statistics		
Number of stock units (ordinary shares)	1,463,616,000	1,463,616,000
Stock price at year- end ($)	17.90	15.66
Number of stockholders	9,401	9,447
Number of staff	1,851	1,805
Number of offices	47	49

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of International Financial Reporting Standards.

DIRECTORS' REPORT

The Directors submit herewith the Statement of Consolidated Revenue, Expenses, Unappropriated Profits, Assets and Liabilities of the Bank for the year ended October 31, 2003.

The Consolidated Statement of Revenue and Expenses shows pre-tax profit for the year of $7,308 Million from which there has been provided $1,851 Million for corporate income tax, leaving a balance of $5,457 Million.

The appropriation of earnings detailed in the financial statements includes:

i. An interim dividend of 40 cents and an extra dividend of 38 cents per stock unit payable to stockholders on record as at December 17, 2003, payable on January 12, 2004. This brings the total distribution for the year to $1.75 per stock unit compared with $1.15 per stock unit for the previous year.

ii. A transfer of $850,000,000 to the Retained Earnings Reserve.

In view of the interim dividends paid, and to be paid, as mentioned above, the Directors do not recommend the declaration of a final dividend at the Annual General Meeting to be held on February 20, 2004.

Messrs. Peter Godsoe, Warren McDonald and Dr. Herbert Thompson retire from the Board by rotation in accordance with Article 90. Mr. Warren McDonald and Dr. Herbert Thompson who being eligible, offer themselves for re-election.

Mr. Peter Godsoe who has served as a Director since February 18, 1982 will shortly be demitting the offices of Chief Executive Officer and Chairman, respectively, at The Bank of Nova Scotia, and as a consequence, despite being eligible he will not offer himself for re-election. The Board wishes to express its sincere appreciation and profound gratitude to Mr. Godsoe for his stellar contribution and exemplary leadership to the Bank.

Messrs. Richard Waugh, Robert Pitfield, Anthony Allen, Dr. Wayne Henry, and Miss Minna Israel who were appointed to the Board since the last Annual General Meeting will cease to hold office pursuant to Article 93 and being eligible offer themselves for re-election.

Messrs. Bruce Birmingham and James Meek resigned from the Board on April 1, 2003 and August 14, 2003, respectively. The Board wishes to express its sincere appreciation to Messrs. Birmingham and Meek for their contributions to the Bank.

The Auditors, PricewaterhouseCoopers, have signified their willingness to continue in office.

Your Directors wish to thank the Management and Staff of the Bank for their performance during the year under review.

On behalf of the Board

R.H. Pitfield
Chairman, Kingston, Jamaica
November 27, 2003

TEN-YEAR STATISTICAL REVIEW

$'000	2003	Restated 2002	Restated 2001	2000
Total assets	148,154,887	127,367,433	102,563,972	88,430,400
Performing loans	47,111,019	38,513,658	25,244,790	20,357,184
Non-performing loans	963,695	906,857	911,345	1,217,056
Repos	17,249,029	14,120,663	14,715,189	9,171,222
Investments & other earning assets	61,261,006	52,326,933	46,653,347	44,585,417
Deposits	87,067,332	76,947,608	67,809,259	60,384,105
Securities sold under repurchase agreement	15,292,996	11,566,632	8,392,202	8,701,050
Stockholders' equity	17,656,376	14,065,776	11,880,802	8,353,262
Profit before tax	7,307,403	5,308,735	4,418,438	3,484,976
Net profit after tax	5,456,670	3,869,782	3,214,178	2,557,184
Dividends paid, gross	2,561,328	1,683,158	1,463,616	1,200,165
Unappropriated profits at year end	6,580,207	4,265,864	2,829,240	1,038,755
Number of stock units at year end	1,463,616	1,463,616	1,463,616	1,463,616
FINANCIAL RATIOS				
Earnings per stock unit	3.73	2.64	2.20	1.75
Price earnings ratio	4.80	5.93	6.96	7.38
Dividends paid per stock unit*	1.75	1.15	1.00	0.82
Dividends yield (%)	11.55	7.43	6.54	6.35
Dividend payout ratio (%)	46.92	43.56	45.54	46.93
Return on average equity pre-tax (%)	45.83	40.00	44.72	44.05
Return on average equity (%)	34.22	29.16	32.53	32.32
Return on asset at year end (%)	3.68	3.04	3.13	2.89
OTHER DATA				
Stock price at year end ($)	17.90	15.66	15.28	12.92
Price change from last year (%)	14.30	2.49	18.27	92.84
JSE Index at year end	60,304	41,044	32,595	29,776
Change in JSE Index from last year (%)	46.93	25.92	9.47	40.96
Number of staff	1,851	1,805	1,756	1,691
Number of offices	47	49	48	50
Number of stockholders	9,401	9,447	9,165	9,040
Exchange Rate J$1=US$	0.0166	0.0203	0.0210	0.0224
Inflation Rate Year Over Year (%)	14.13	5.04	7.56	8.30
Net Profit in US$	90,549	78,387	67,498	57,281
DIVIDEND PAID QUARTERLY*				
Quarter 1	446,403	402,493	329,314	182,952
Quarter 2	446,403	417,131	358,586	182,952
Quarter 3	526,902	417,131	373,222	292,723
Quarter 4	1,141,620	446,403	402,494	541,538
TOTAL	2,561,328	1,683,158	1,463,616	1,200,165

*Based on 1,463,616,000 stock units outstanding

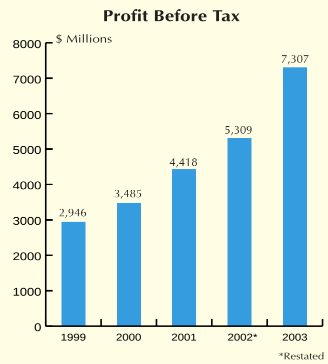
TEN-YEAR STATISTICAL REVIEW

1999	1998	1997	1996	1995	1994
77,719,597	65,615,624	54,926,384	42,226,573	34,748,354	22,813,280
16,669,180	17,196,178	19,081,755	16,810,175	14,442,334	7,718,496
1,324,321	1,237,930	720,465	332,679	146,295	113,777
9,933,153	7,908,520	7,547,662	5,015,324	522,885	-
39,149,800	36,599,592	17,132,218	13,188,100	11,813,264	9,008,001
54,537,781	46,222,803	41,677,670	30,427,290	27,337,554	16,505,619
8,016,576	6,072,443	4,257,049	2,647,531	663,545	-
6,996,243	5,916,542	4,942,448	4,089,024	3,050,731	2,297,955
2,946,473	2,577,282	2,262,128	2,475,282	2,149,544	1,923,145
2,031,051	1,764,447	1,584,559	1,661,395	1,291,564	1,300,774
951,350	790,353	731,808	658,628	548,856	489,092
635,886	338,959	201,223	510,917	269,161	171,472
1,463,616	1,463,616	1,463,616	731,808	731,808	731,808
1.39	1.21	1.08	1.14	0.88	0.89
4.83	5.56	9.05	6.56	7.71	6.16
0.65	0.54	0.50	0.45	0.38	0.33
9.70	8.06	5.10	6.04	5.51	6.10
46.84	44.79	46.18	39.64	42.50	37.60
44.00	46.32	50.09	69.34	80.38	117.30
30.33	31.71	35.09	46.54	48.29	79.34
2.61	2.69	2.88	3.93	3.72	5.70
6.70	6.70	9.80	7.45	6.80	5.48
0.00	-31.63	31.54	9.56	24.20	77.57
21,124	20,050	18,147	15,323	15,667	13,854
5.36	10.49	18.43	-2.20	13.09	-10.91
1,757	1,874	1,666	1,617	1,591	1,584
49	50	51	50	50	49
8,912	8,073	7,948	10,379	8,200	7,015
0.0250	0.0271	0.0278	0.0285	0.0260	0.0302
6.44	7.14	9.98	22.76	18.72	32.63
50,776	47,746	44,052	47,333	33,581	39,227
182,952	146,361	146,362	109,771	109,771	60,984
182,952	146,362	146,362	109,771	109,771	73,181
182,952	146,362	182,952	109,771	109,771	91,476
402,494	351,268	256,133	329,314	219,542	263,451
951,350	790,353	731,808	658,628	548,856	489,092

REPORT TO SHAREHOLDERS

Financial Review

Robert H. Pitfield
Chairman



GROUP FINANCIAL PERFORMANCE

SCOTIABANK'S MOST OUTSTANDING YEAR ON RECORD

Our bank delivered its most outstanding year on record, exceeding virtually all performance targets despite considerable challenges in the economic environment. Scotiabank and its subsidiaries (the Bank) achieved record consolidated net profit of $5,457 million, an increase of $1,588 million or 41% above the previous year. These results are the direct outcome of our overall strategy, which remains grounded in our core strengths, and focused on sound fundamentals – solid execution of our plans, careful management of risks and expenses, and a total commitment to customer satisfaction by our team of skilled and dedicated employees.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

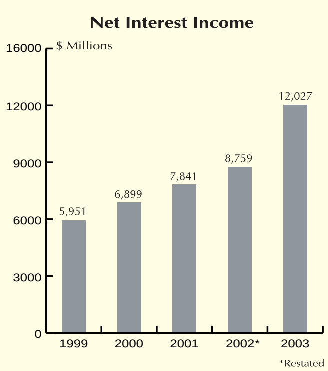
Scotiabank has embraced the implementation of International Financial Reporting Standards (IFRS) formerly International Accounting Standards (IAS) in Jamaica, and adopted IFRS as at November 1, 2002. The reported results are IFRS compliant and the financial effects of IFRS adoption are reported in the Statement of Changes in Equity that accompanies the financial statements. The 2002 financial information was restated accordingly.

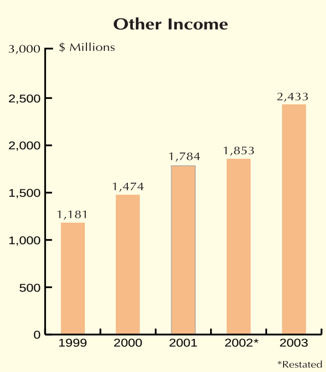
NET INTEREST INCOME

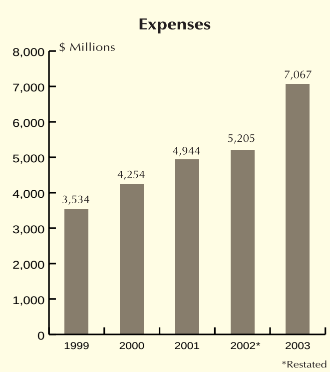
Net interest income, the excess of gross interest earned over gross interest expenses, continues to be our most significant source of revenue. For the year ended October 31, 2003, net interest income grew to $12,027 million or 37% above the previous year. The prime source of this growth was the 17% rise in average total earning assets, from $110 billion to $129 billion, coupled with a 1.32% growth in net interest margin from 6.53% to 7.85%. The asset growth was, for the most part, funded by increased deposits, reverse repurchase arrangements and retained earnings.

PREMIUM INCOME

Scotia Jamaica Life Insurance Company Limited (SJLIC) had another successful year as total gross premium income increased from $2,554 million to $3,377 million, a growth of 32% over the previous year, while net premium income grew by 59%, to $225 million. ScotiaMint, the flagship product of SJLIC, remained very competitive in the







REPORT TO SHAREHOLDERS

FINANCIAL REVIEW CONT'D

market and continues to enjoy the largest share of the local interest rate-sensitive insurance market.

OTHER INCOME

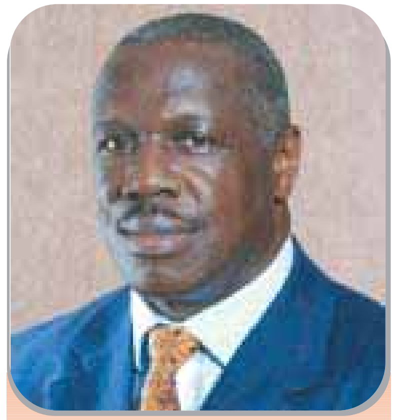
Other income, defined as all income other than net interest income and insurance premium income, increased by 29%, from $1,712 million to $2,209 million. The major source of growth was an increase of $318 million in foreign exchange trading revenue. All other elements of this revenue source increased in tandem with growth in business volumes, coupled with greater use of our alternative service delivery channels and commercial services.

NON-INTEREST EXPENSES AND PRODUCTIVITY

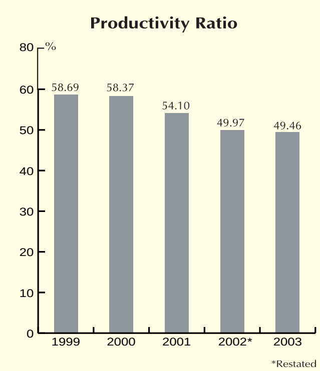
Exceptional expense control is a key characteristic of the performance of the Bank. Our productivity ratio continues to lead the financial services industry and is a significant factor in the Bank's ability to produce record results.

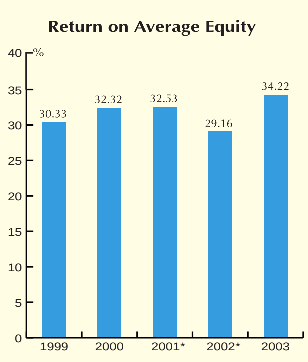
The Bank's productivity ratio (non-interest expense as a percentage of total revenue) – a key measure of cost effectiveness – for 2003 was 49.46%, down marginally from 49.97% at the previous year-end, which is significantly better than the internationally recognized norm of 60% for measuring the operating efficiency of banks. If we exclude insurance premium income and the related actuarial cost to recognize the significant dissimilarities between the revenue/expense pattern of the insurance business and the other financial services offered by the other members of the group, the productivity ratio for 2003 was 40.12%, compared with 42.06% for 2002. We will continue our focus on finding new ways to improve operational efficiency by consolidating and streamlining processes and structures, eliminating duplication, and sharing best practices throughout our network.

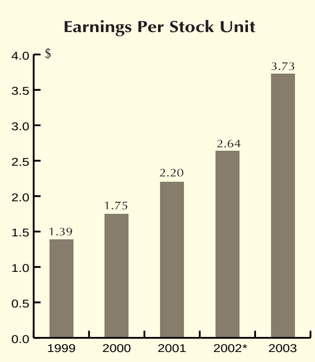
Non-interest expenses, excluding changes in policyholders' reserves and loan loss expenses were $5,625 million, an increase of $1,319 million over last year. This is primarily due to increase in staff-related costs of $912 million, and other operating expenses of $406 million, due to increases in property-related expenses, deposit insurance premium, advertising and public relations, computer expenses and stationery costs.

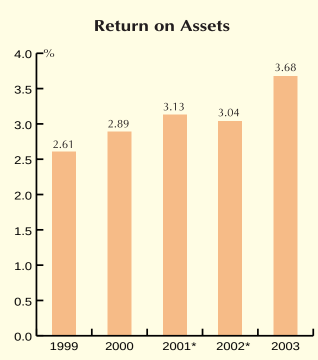


William E. Clarke, CD
Managing Director



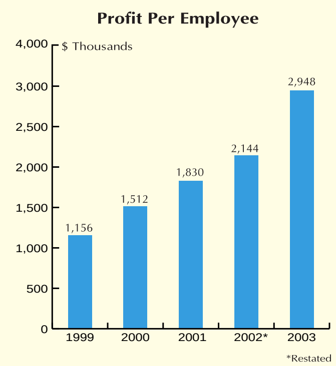


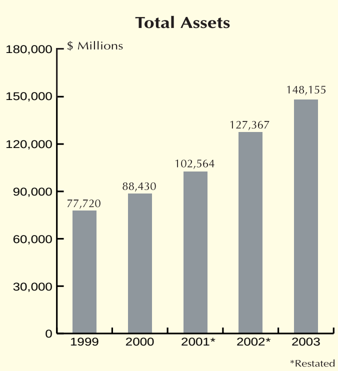




REPORT TO SHAREHOLDERS

FINANCIAL REVIEW CONT'D





DIVIDEND POLICY, DIVIDEND PAYOUT RATIO AND SHARE PRICE

Scotiabank's policy is to increase dividends in line with the trend in earnings, while ensuring that adequate levels of capital are kept for the purpose of protecting depositors and growing the business of the Bank. The dividend payout ratio is the gross dividend paid, expressed as a percentage of the net profit after tax. Our payout ratio for 2003 was 46.92%, compared with 43.56% for the previous year. Both dividends were within our usual payout range of 40% to 50%.

The Board of Directors approved a special dividend of 38 cents per share for the fourth quarter, in addition to the regular quarterly dividend of 40 cents per share, in recognition of the exceptional performance of our Bank in 2003. This brings the total dividend for fiscal 2003 to $1.75 per stock unit up from $1.15 per stock unit for the previous year, while the gross dividend paid for this year was $2,561 million, up $878 million from last year.

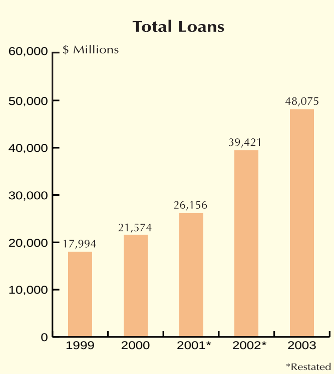
The Bank's average month-end share price during 2003 was $15.15, compared with $15.48 in 2002. Dividend yield for 2003 was 11.55%, up from 7.43% for 2002.

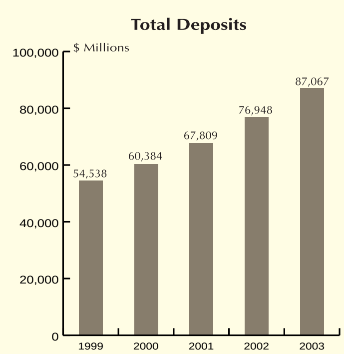
ASSET GROWTH

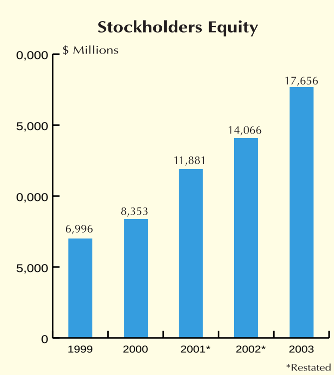
The Bank's total assets increased from $127 billion at October 31, 2002, to $148 billion at October 31, 2003, an increase of 16.5%. The average 10-year compounded growth rate at October 31, 2003, was 22.6%, compared with 25.7% at the previous year-end. While private sector commercial loan demand remained soft, we achieved significant growth during 2003, mainly through project financing in the public sector and growth in retail loans. Our market share of public sector loans grew, while that of the private sector declined.

Our cash resources held to meet statutory reserves and the Bank's prudential liquidity targets stood at $35 billion at October 31, 2003, compared with $32 billion at the previous year end. These assets are held in liquid form at levels and terms that enable us to respond effectively to swings in our cash flow, without severe adverse consequences. The amounts held exceed the statutory minimum for such assets in relation to our prescribed liabilities.

The Bank's portfolio of government securities (including repurchase agreements) grew from $41 billion at last year-end to $48 billion at October 31, 2003, as deposit and repo







REPORT TO SHAREHOLDERS

FINANCIAL REVIEW CONT'D

liability growth outpaced loan growth. The average yield on the portfolio increased year over year in line with market trends.

CREDIT QUALITY

The charge against the Group's profit and loss account for credit losses in 2003 was $87 million, down $11 million from the previous year.

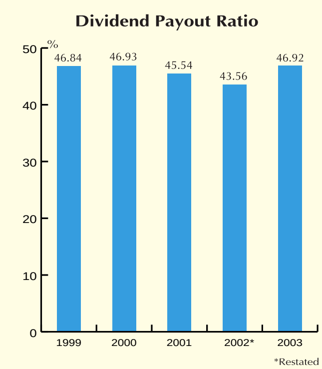
Non-performing loans stood at $964 million at year-end and this increased by $57 million when compared to last year. While $133 million of new commercial accounts were classified Non-accrual Loans (NALs) since the beginning of the year, $114 million was recovered on old NALs (largely from sale of real estate security), and there were bad debt write-offs of $24 million. This resulted in a net decrease of $5 million in commercial NALs. In contrast, retail loans (Scotia Plan Loans and residential mortgages classified non-performing), have increased to $62 million for the year. This has been in part due to continued weak economic conditions. We continue to focus on all areas of concern to reverse the negative trends in retail non-performing loans.

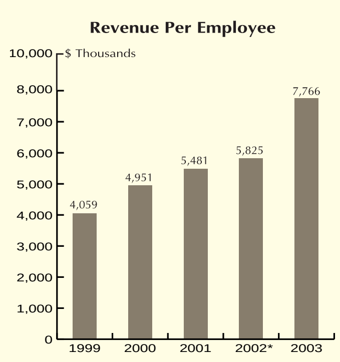
Overall, non-performing loans as a percentage of gross total loans, was reduced from 2.26% at October 31, 2002, to 1.98% as at October 31, 2003. Most non-performing loans are secured, the majority with real estate security. Provisions for loan losses are considered adequate and are reviewed regularly, in light of changing market conditions. Provision for loan losses on an IFRS basis was $655 million at year-end. However, the total provisions, based on the Bank of Jamaica's (BOJ's) statutory requirements, were $1,378 million. The difference between the statutory and the IFRS provision is reported in the Loan Loss Provisions (LLP) Reserve, as a component of shareholders' equity. We are confident that, with this level of provisioning, the Group is adequately protected, should the economy suffer a short-term downturn.

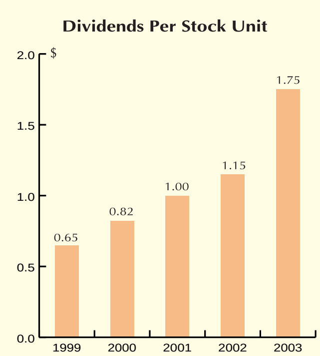
DEPOSITS

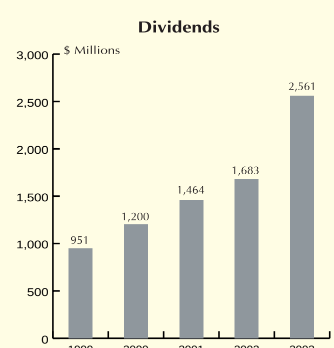
Our Bank continues to increase its deposits, despite the noticeable market shift from traditional bank deposits to investments in a wide variety of market instruments, ranging from Government of Jamaica securities to money market products. The Bank's deposits grew by 13.15%, from $77 billion at last year-end to $87 billion at this year-end. At the same time, the number of deposit accounts grew from 1,032,000 to 1,062,259, as public confidence in the Bank remains very high.

Consistent with the trend in market rates, the average cost of our total deposits and other interest-bearing liabilities increased by 2.30% from the previous year-end. The mix of the portfolio was dominated by retail savings accounts; however, term deposits and reverse repurchase liabilities continued to grow steadily.









REPORT TO SHAREHOLDERS

CORPORATE AND COMMERCIAL BANKING

The Corporate and Commercial Banking Centre was significantly restructured during the year to ensure that our customers receive the high level of service that they expect and demand. The ratio of customers to relationship managers was reduced to provide more time and opportunity for the managers to interact with customers to better understand their business and banking needs. Relationship managers' portfolios were also reallocated to provide a better focus on specific industry and market segments. Additional positions were created to promote the development of new business relationships and trade finance growth.

As a result of our restructuring exercise and the dedication of our commercial and corporate banking professionals, we recorded significant growth in the Bank's corporate/commercial loan and deposit portfolios across a broad range of industry segments. Major growth segments were tourism and other service segments, infrastructure development, and retail and manufacturing. In addition to traditional loan and deposit activities, we continued to assist companies in managing their cash flow, mainly through our suite of cash management services products.

The strength of the Bank's international linkages through the Scotiabank worldwide network assisted our customers in their import and export operations and contributed to our position as a major provider of trade finance and regional capital markets solutions for our customers.

RETAIL PRODUCTS

Our Bank continued to achieve impressive results in the growth of retail products, despite economic challenges. We continued our focus on relationship building, with the remaining 24 branches embracing the new sales delivery strategies.

Our interest rates and fees remained competitive. Our lead consumer loan product, Scotia Plan Loan, recorded growth of 18.71% in outstandings, remaining the consumer-lending loan of choice. In building relationships, we were able to maintain our dominant position in retail lending in the market. We also gave various incentives to our customers to assist them in achieving their financial goals.

ScotiaLine, a personal revolving line of credit, recorded growth of 11.97% in outstanding balances.

Our youth accounts, ScotiaFirst and ScotiaWise portfolios grew by 11.33% and 17.77% respectively, while our product for savers 55 years old and over, ScotiaPlus increased by 11.64%.

ELECTRONIC BANKING

Customer care, convenience and service delivery continues to be a priority area for us at Scotiabank. More specifically, electronic banking has become an important area of focus in providing our customers with a greater level of choice, flexibility and convenience when conducting their banking business.

This year we launched several new initiatives including Internet Banking for retail customers, Jamaica Customs e-payment, Point of Sale in Schools, a Receivables MasterCard Credit Card and successfully converted our Scotia Select MasterCard into an exciting new Scotiabank Magna MasterCard with reward points attached.

INTERNET BANKING

Our Internet Banking product for retail customers was launched on July 20. Customer response and feedback have been excellent as they find the product exciting, user friendly and convenient. We will be launching a similar product to meet the needs of our commercial customers in 2004.

JAMAICA CUSTOMS E-PAYMENT

The Jamaica Customs e-payment system that was launched in July is a significant step in transforming the payment process at the ports. Registered customs brokers and importers can now pay their customs duties online, using their Visa or MasterCard Credit Card. This product is another first from Scotiabank.

POS MACHINES IN SCHOOLS

This initiative was intended to reduce the length of time that parents have traditionally spent in long lines to pay school fees. At the beginning of the new school year in September, 2003, Scotiabank offered Point-of-Sale and TeleScotia (telephone banking) capabilities to all schools free of cost.

More than 70 schools across the island took up the offer and parents' response to the added convenience these payment methods provided have been very encouraging. We anticipate significant growth in the use of this service, as parents become more aware of this method of payment and the schools commence promoting it as a preferred payment option.

REPORT TO SHAREHOLDERS

DISTRIBUTION CREDIT CARD

This is a commercial credit card product designed to make it easier for the payment of receivables. This Scotiabank MasterCard Distribution Credit Card was launched as a pilot project offered jointly with Medi-Grace. This product essentially transfers the Medi-Grace receivables to a commercial credit card, which is managed through the existing card infrastructure at Scotiabank.

MAGNA MASTERCARD CREDIT CARD

Our ScotiaSelect MasterCard was a local use only credit card. In October 2003 we successfully converted it to the Scotiabank Magna MasterCard. It is now an exciting and unique credit card offering reward points when used at all merchants in Jamaica or Internationally. This unique credit card also allows our customers to receive additional reward points from our partner Magna, when used at any of 300 participating Magna merchants across Jamaica.

ABM

Our ABM network is an important part of adding convenience to customers and improving service delivery. We added 14 new machines this year including 3 dual currency machines to meet the needs of our international customers.

The Scotiabank ABM network now stands at 117 machines strategically located across Jamaica. Customers are responding well to this delivery channel as we experienced a 30% increase in usage averaging 800,000 transactions per month. We are committed to increasing the ABM network in the coming year.

CASH MANAGEMENT SERVICES

This is a commercial product that continues to gain acceptance with our corporate clients as a result of which we increased our base of customers using this product by 16% this year. We continue to be very sensitive to the needs of our corporate and commercial customers for PC banking solutions as an important tool in managing their cash flow in the future.

POINT OF SALE MERCHANTS

Our point-of-sale merchant base grew by over 20% during the year under review. More than 600,000 debit transactions and 700,000 credit transactions were processed.

PRIVATE BANKING SERVICES

Scotia Private Banking Services (SPBS) was established in 2002, to provide personalized wealth management services to high net worth individuals. In 2003, we recorded good results, with significantly increased total portfolio balances.

Leveraging the vast resources available through the Scotiabank network, SPBS, in addition to offering its customers a full range of portfolio management and investment advisory services, provides access to trust services and estate planning, general insurance services, tailored financial structures, lending, and other traditional banking services.

Scotia Private Banking Services was able to expand its product offering by introducing a family of five mutual funds to the local market. These funds are offered through ScotiaTrust Cayman, and have allowed the Private Banking Centre to present investment options to its clients that are truly representative of the basic rule of investment management, portfolio diversification.

The Private Banking Centre is located in New Kingston, and is specially designed to meet the highest standards of accessibility, safety and privacy. The sales team is comprised of account executives and relationship managers who are exclusively dedicated to client acquisition and relationship management. A full operations and administrative staff supports the sales process, to ensure seamless delivery of our products and services.

BANKING OPERATIONS

We completed our major initiative of streamlining the operations of our branches to support our philosophy of transforming all units into sales and service centres. Our branches now focus on building relationships with our customers, to deepen our success as a truly customer-centric organization.

Our traditional banking methods have been further enhanced by implementing strategies that focus on relationship building, needs-based selling, personalized service, and the delivery of 'one-stop shopping' experiences for our customers.

A major re-structuring of our Head Office support units was conducted to ensure that internal service capabilities were improved and properly aligned to our sales and service strategy.

Technology support for our business strategy continued to be a high-priority item, resulting in a number of computer systems enhancements, which allowed for increased functionality to capture, store and disseminate information in a more timely, accurate and efficient manner to both staff and customers. Additionally, technology upgrades were effected to provide a platform for the introduction of a range of new products, such as Internet Banking. In connection with our new sales and service strategy, we have renovated or refurbished a number of our branches, changed our merchandising approach and improved our signage to better communicate with our customers.

REPORT TO SHAREHOLDERS

PROJECTS FINANCED BY THE BANK

HIGHWAY 2000

William Clarke (second right) Managing Director of Scotiabank Jamaica discusses the Highway 2000 project with (from left to right) Kevin Workman, General Manager of the Corporate and Commercial Banking Centre, Scotiabank Jamaica; Kingsley Thomas, Managing Director of the Development Bank of Jamaica and Trevor Jackson, Managing Director of the Transjamaican Highway Limited while on a tour of the Old Harbour toll booth. Scotiabank Jamaica is one of the financiers of the project.

PORT ANTONIO MARINA

The Port Antonio Marina is another major project which was financed by Scotiabank Jamaica. Here on a visit to the marina, Noel Hylton, President and Chief Executive Officer of The Port Authority of Jamaica (center) gives Michael Thompson, Senior Relationship Manager at the Corporate and Commercial Banking Centre and Minna Israel, Deputy Managing Director, Scotiabank Jamaica a tour of the facility.

Sotiabank Jamaica leveraged its international linkages with The Bank of Nova Scotia, Canada to provide a solution that met the requirements of the Port Authority for the financing of the project.

Our commitment to our employees

The establishment of the Employee Communication and Consultations (ECC) Unit is one demonstration of our commitment to listening to our employees and responding to their concerns

REPORT TO SHAREHOLDERS

HUMAN RESOURCES

A new rallying Human Resources (HR) vision, 'adding value on the inside, creating value on the outside,' was launched. This vision reflects renewed focus on leveraging every HR practice to support the Group's strategic objectives.

The Approved Employee Share Ownership Plan (AESOP) continues to enjoy the participation of most eligible employees. At the start of fiscal 2003, 73% (vs. 68% in 2002) of all eligible staff participated in the plan. The Employee Assistance Program (EAP) continues to be well used by staff. The leadership coaching benefits of the 'Manager Consultation' aspect of the program are being re-highlighted, along with other initiatives in behavioral coaching, aimed at leadership and staff development.

Employee perspective surveys conducted during the year reflected increased participation, and results obtained indicated employee satisfaction and overall diversity. To underline renewed emphasis, specific responsibility for diversity programmes was assigned to a new role in HR. A mentoring programme was also successfully piloted, 360-degree reviews for leaders completed, and a comprehensive training needs assessment exercise concluded. The findings from these projects have led to a new focus on leadership development, as well as the creation of a learning organization, with efforts being directed towards enhancement of the Group's learning culture. The Group continues to invest significantly in staff development through academic scholarships and training programs. Out of a strategic review, external hiring practices have been enhanced.

The Employee Annual General Meeting, convened on March 1, 2003 brought together staff from all locations across the island to discuss results and their contributions, as well as new initiatives in employee consultations and communications. In seeking to reinforce a strategically desirable culture and improve employee communications within the Group, a new quarterly HR newsletter, *In the Loop*, was launched. This was well received by staff.

EMPLOYEE COMMUNIICATION & CONSULTATIONS UNIT

Once again, we distinguished ourselves as the employer of choice in Jamaica, with the establishment of the Employee Communications and Consultations (ECC) Unit in May 2003. The unit's mission is to facilitate open communication and healthy inter-personal relationships among staff.

The ECC provides confidential, impartial assistance to staff so that they can air their concerns or complaints and resolve work-related issues. Issues such as staff-management interaction, performance appraisals, difficult management situations, discrimination, harassment, interpersonal mis-understanding, stressful work situations, and information on and assistance in interpreting regulations and procedures are addressed.

To achieve its mission, the unit uses tools such as listening, mediation, option building and coaching, and employs the services of two trained counselors.

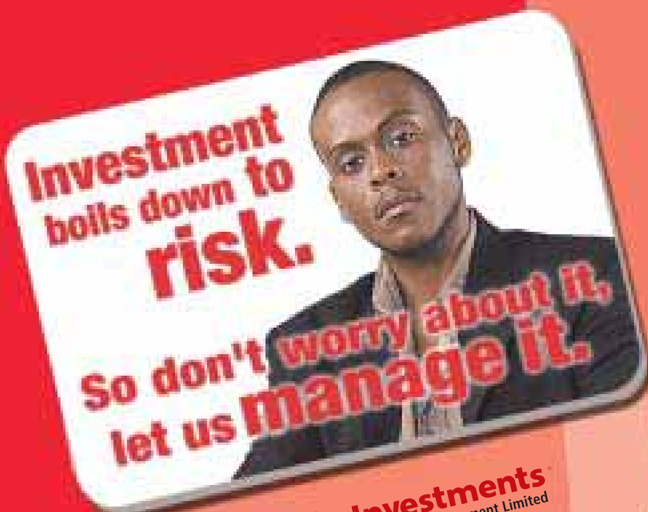
The unit has the authority to mediate and or negotiate settlements in disputes, make recommendations for change in a policy or practice, and refer issues to the relevant agency/department.

The consultation process of the ECC is independent of the administrative structure within Scotiabank. It is separate from the Bank's chains of management and therefore free from influence. The unit is firmly committed to confidentiality and is an alternative to the grievance and complaint processes. It provides non-adversarial, problem-solving options that help to avoid future disputes.

The unit is located independent of other Scotiabank entities, which ensures the privacy of staff visiting the office. Information from staff members' visits is disclosed only with their written permission and only when necessary for resolution. All case records are destroyed once the situation is resolved.

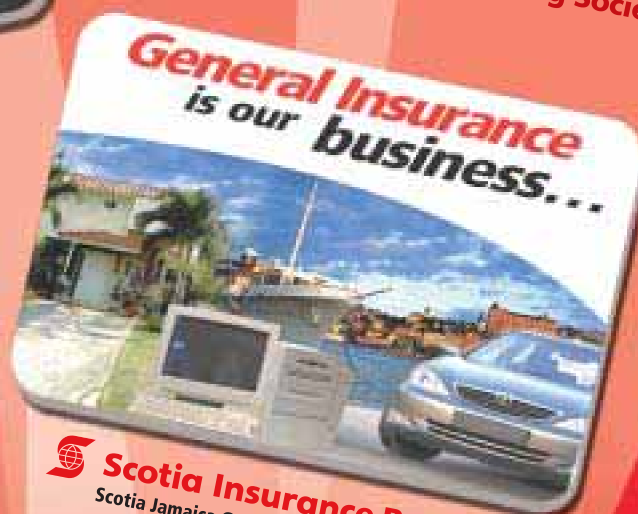
The ECC provides a dynamic and effective employee communication process so that staff is continually informed of developments in the Bank. The communications arm connects staff at all levels of the organization to ensure that everyone is kept 'in the loop'. The unit also facilitates the development of individual communication skills so that staff can communicate effectively and confidently.

Scotia Insurance™
Scotia Jamaica Life Insurance Company Limited



Scotia Investments
Scotia Jamaica Investment Management Limited

Scotia Jamaica Building Society



Scotia Insurance Brokers
Scotia Jamaica General Insurance Brokers Limited

Our subsidiaries

Our Subsidiaries contribution to the group's bottom line has increased steadily over the years accounting for 24.6% of the group's profits this year.

REPORT TO SHAREHOLDERS

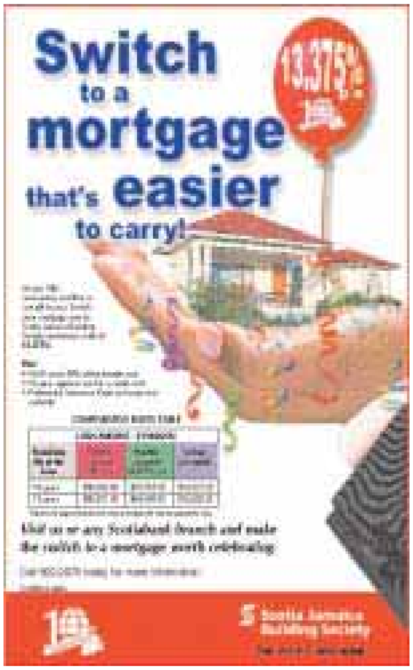
THE SCOTIA JAMAICA BUILDING SOCIETY (SJBS)

For the financial year ended October 31, 2003, The Scotia Jamaica Building Society (SJBS) realized profits after tax of $312 million, an increase of $113 million or 57% over 2002. This was achieved despite increased funding costs, attributable to higher prevailing interest rates and greater competition in the market place.

The Society's mortgage portfolio reflected a 23% growth. The Graduate Mortgage Plan (Grad Plan), which was launched in January 2002, as a means of assisting young professionals to own their first home, continued to be well received and contributed to the growth in our portfolio. SJBS also participated in Scotiabank's worldwide 'First 3 are Free' campaign, bringing another 'first' to the local mortgage market. This campaign gave borrowers a choice of a three-month reprieve from making mortgage payments. Efforts to date have focused on improving turnaround time on mortgage applications and generally delivering first-class service to our customers.

The Society's deposit portfolio declined by 26% during the year, as a result of customers shifting their savings to high-yielding government instruments. To meet the challenge of a declining deposit base, SJBS launched ScotiaGROW a long-term savings product. This product is designed to appeal to investors who are serious about saving for future goals and maximizing earnings by taking advantage of tax-free benefits and compounded interest.

SJBS has embraced a more direct marketing approach and a regional business development team has been introduced to interface in a more focused way with customers. The team came on board at the end of this financial year.



SJBS FINANCIAL HIGHLIGHTS

	$Millions 2003	Restated $Millions 2002
Total mortgages, net of provisions	2,739	2,224
Government securities purchased under resale agreements	1,140	2,203
Investments	744	1,033
Deposits	3,276	4,444
Shareholders' Equity	1,501	1,189
Total Assets	5,394	6,249
Net Profit After Tax	312	198
Return on Average Equity (%)	23	18

REPORT TO SHAREHOLDERS

SCOTIA JAMAICA GENERAL INSURANCE BROKERS LIMITED (SJGIB)

Scotia Jamaica General Insurance Brokers Limited (SJGIB) is a full service insurance brokerage with the expertise and capability to provide the best solutions to the insurance needs of commercial and personal lines customers.

The Brokerage was established in November 2003 out of the need to offer complimentary services to existing and prospective customers of its parent, The Bank of Nova Scotia Jamaica Limited, in all market segments.

Having operated as an agency for more than 12 years, the company owned the position of being the intermediary with the greatest share of the personal lines market. Accordingly, the main aim of the Brokerage has been building awareness within the commercial sector in an attempt to achieve growth in our overall market share. The company achieved gross premium written of $461.5 million, 23% growth over prior year. However, due to increased operating expenses, the company's profit after tax was $4 million, down from $6 million for the year ended October 31, 2002.

Our capability is strengthened by our excellent and trusted relationships within the local insurance market as well as our linkages with reputable and competent international brokers.

SJGIB has embarked upon a path of continuous change in order to remain relevant in an ever-changing environment and to provide the most efficient and effective service to our valued customers.

Notwithstanding the challenges that the company has faced over the last year, we have achieved growth in all business lines and consequently in our revenue. Despite being a recent entrant into the broking arena, our unique approach coupled with our strengths has created an enormous potential to increase market share.

Our management team is client focused and comprises experienced and skilled professionals, who are committed to giving creative advice and guidance to our clients.

Training is of the utmost importance in our organisation and we continuously expose our employees to a variety of training geared at increasing knowledge base, competency and service delivery.

Our motto 'customer first' is our belief and our guiding principle.

SJGIB FINANCIAL HIGHLIGHTS

	$Millions 2003	Restated $Millions 2002
Investments	78	67
Shareholders' Equity	49	45
Total Assets	133	112
Net Profit After Tax	4	6
Return on Average Equity (%)	9	14

REPORT TO SHAREHOLDERS

SCOTIA JAMAICA INVESTMENT MANAGEMENT LIMITED (SJIM)

Scotia Jamaica Investment Management Limited (Scotia Investments) was successful in implementing its 2003 objectives of increasing both the range of investment services and trading activity. Both institutional and retail clients were offered attractive investment products at competitive rates of return.

Scotia Investments realized profit after tax of $218 million for the year ended October 31, 2003, an increase of $94.1 million or 76.1% over 2002. The increase was due largely to a $100 million (54.2%) increase in net interest revenue as well as a $32.6 million (34.5%) increase in non-interest revenue.

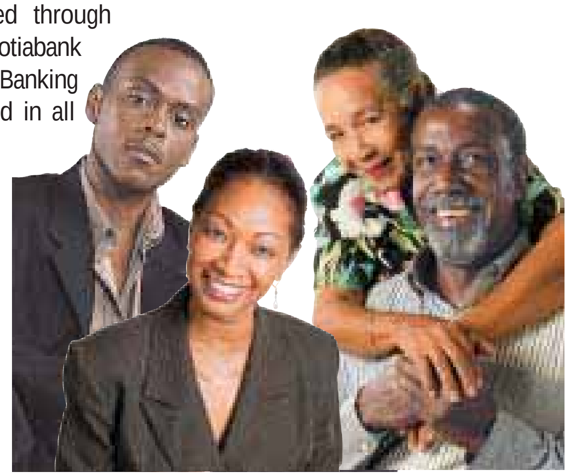
The sharp increase in net interest revenue was due to higher margins on the company's Client Repurchase Agreement (repo) portfolio. The increase in non-interest revenue was driven by strong growth in revenues from trust services (31.4%) and securities trading (210%).

An average market share of 20% of Bank of Jamaica repos was achieved during the year. The company also maintained a constant presence in the secondary (private) repo market. Assets Held in Trust and Under Management grew from $18.5 billion to $19.9 billion.

The company launched its suite of five Scotia (Cayman) offshore mutual funds in April 2003. We now offer two U.S. dollar Equity funds, one Canadian dollar Equity fund, a U.S. dollar Bond fund and a U.S. dollar Money Market fund. The funds are currently offered through Scotia Investments, some Scotiabank branches and Scotia Private Banking Services, and will be offered in all branches by the end of 2004.

The financial markets within Jamaica experienced high levels of volatility and change from January to May 2003. Scotia Investments' portfolio of client repos was not materially affected by the interest rate volatility, as the portfolio is managed on a matched funding basis.

During the year, we registered over 50 new dealer representatives in branches across the island. Scotia Investments now has a total of 60 dealer representatives licensed by the Financial Services Commission, as well as 20 mutual fund sales representatives across the Scotiabank branch network.



SJIM FINANCIAL HIGHLIGHTS

	$Millions 2003	Restated $Millions 2002
Government securities purchased under resale agreements	18,496	16,824
Investment Securities	885	587
Shareholders' Equity	840	632
Total Assets	21,659	18,839
Net Profit After Tax	218	124
Return on Average Equity (%)	30	21

REPORT TO SHAREHOLDERS

Scotia Jamaica Life Insurance Company Limited (SJLIC)

The year 2003 was a special one for Scotia Jamaica Life Insurance Company Limited, (SJLIC) as it marked the company's fifth anniversary, as well as the first payment of the long-term savers bonus to qualifying policyholders.

In addition to its premier product, ScotiaMINT, and creditor life insurance for specific Scotiabank consumer loans and mortgages, the company began offering revolving credit insurance protection for credit cards and ScotiaLine. Total premium income from these sources amounted to $3.4 billion for the year, up from $2.6 billion for last year.

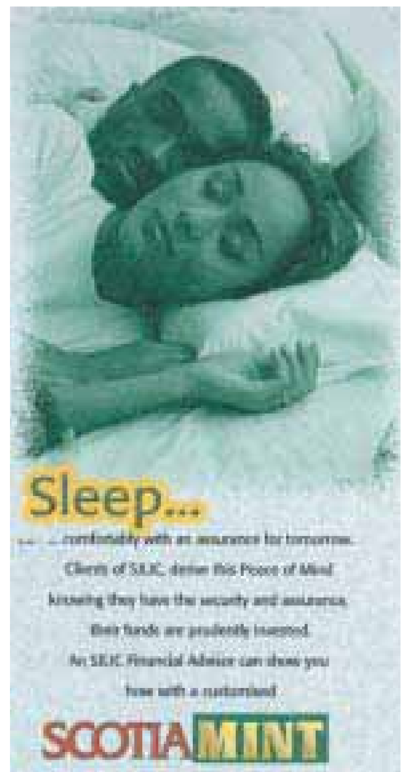
During the year, 26,395 new ScotiaMint policies were sold, bringing the portfolio to 64,190 policyholders, an increase of 42%. Policyholders' fund grew from $8.8 billion to $12 billion an increase of 36.4%. Total assets increased from $9.9 billion to $13.6 billion, and net profit after tax totaled $791 million.

The life insurance industry continued to rebound, as consolidations took place and investor confidence returned to the market. SJLIC maintained its dominance in the market in gross premium income up to September 2003, and its average market share was 39 %, up from 33% last year.

The addition of unit sales managers to the company's structure has resulted in more effective management of the agency force and increased production. Relationship officers, who were introduced in early 2003, have also had a positive impact on our service delivery and portfolio retention, through the provision of personalized and professional advice to our customers.

The contact centres have been successfully integrated into our operating structure and are having a positive impact on the quality of our service delivery, as well as our policy maintenance costs.

As we move ahead to 2004, we will be implementing a number of initiatives to increase wealth for our policyholders. Increased training of both our agency force and head office staff will be of paramount importance as we develop innovative products to meet the demands of the market. Our agents should benefit from their recent membership in the Jamaica Association of Insurance & Financial Advisors (JAIFA) through which courses are offered. Our agents created history by joining the JAIFA, a first for agents selling bank assurance products. The sales process will be enhanced by improvements to our highly interactive customer-needs-analysis system, which allows clients to make the appropriate decisions based on their long-term goals.



SJLIC FINANCIAL HIGHLIGHTS (unaudited) 12 months to Oct. 31

	$Millions 2003	Restated $Millions 2002
Government securities purchased under resale agreements	3,939	3,600
Investments	8,327	5,383
Shareholders' Equity	1,995	1,120
Policyholders' Fund	12,062	8,785
Total Assets	13,579	9,489
Net Profit After Tax	791	302
Return on Average Equity (%)	51	36
Return on Assets (%)	5.8	3.2
Number of policies in force	64,190	45,269

REPORT TO SHAREHOLDERS

Micro Enterprise Financing Limited (MEFL)

On November 1, 2002, Scotiabank in association with the Canadian International Development Agency and the Kingston Restoration Company launched the Micro Enterprise Financing Limited (MEFL). Scotiabank provided loan capital of Canadian $2 million towards the establishment of the company, oversees the operations and gives support to MEFL's management on an as needed basis. Additionally, William Clarke, Managing Director of Scotiabank, directly guides and supervises the performance of the Executive Director and is Chairman of the Board.

The mandate of the MEFL is to administer micro finance services, including loans, business development and personal development training to low-income micro entrepreneurs with little or no collateral. The company offers Solidarity Group Lending, which serves as a kind of security substitute. In the group lending policy, members are responsible for each other's loans. No member of the group may receive the next stage of loan if any of the members fail to pay. The group also serves as a resource and advisory panel for each other's business, deepening the process of community bonding.

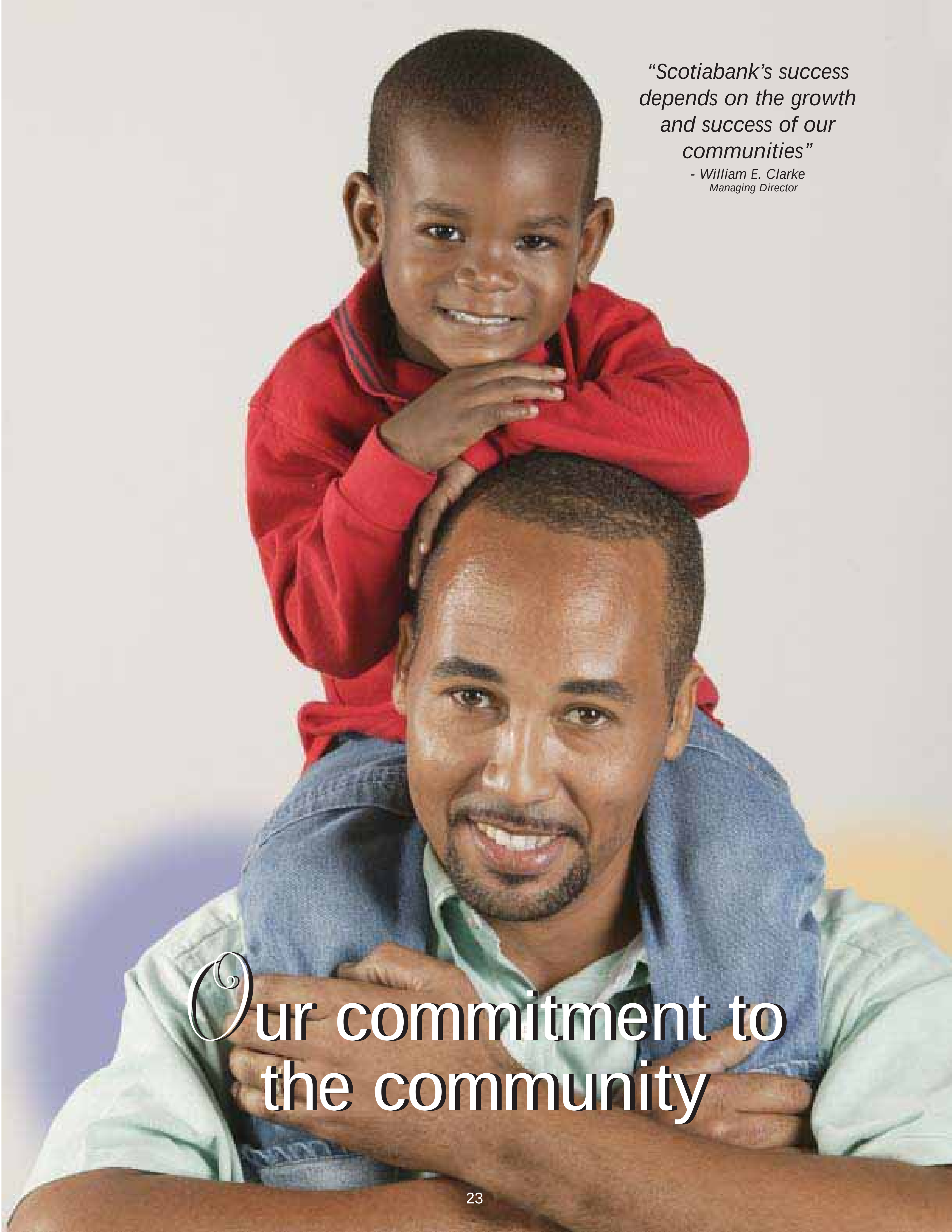
The first set of loans were granted to residents of Olympic Gardens, West downtown and Central downtown communities, with the first disbursement of $24,000 going to a group from Tel Aviv in Central downtown.

A year after start-up, the MEFL has loaned over $10 million to 900 micro-entrepreneurs and granted 450 persons working capital and fixed assets loans. Repayment is exceptional with 99% of all loans being repaid, to date. Training in basic bookkeeping, marketing, product development and pricing has been provided for 100 clients.

The rapid initiation of business operations is due to a period of intensive preparatory work lasting several years. Particular attention was devoted to the recruiting and training of staff, carrying out market surveys in the seven targeted inner-city communities of Kingston and designing a loan product with features based on the demand of the target market.

Loan demand from the MEFL is expected to be strong in the coming year, as the company is the only one granting micro finance loans to micro entrepreneurs without the requirement of collateral.

Scotiabank is proud to be associated with the MEFL as a part of our commitment to serve the financial needs of urban micro entrepreneurs, especially women, and help disadvantaged communities to increase their participation in and contribution to the economic life of the country, while, at the same time, enhancing their quality of life.



“Scotiabank’s success depends on the growth and success of our communities”

- William E. Clarke
Managing Director

Our commitment to the community

REPORT TO SHAREHOLDERS

Corporate Responsibility

In 2003, Scotiabank Jamaica remained a major contributor to nation building through its contribution to, and participation in numerous educational and community projects islandwide.

In addition to our continued support for school projects, we extended assistance to various church outreach programmes, civic groups, communities and sporting activities, and enabled individuals to secure medical treatment for life threatening illnesses.

Among others, contributions were made to organizations and groups such as Jamaica AIDS Support, United Way of Jamaica, Heart Foundation of Jamaica, Association for the Settlement of Returning Residents, and Jamaica Association for Training & Development.

Assistance was also given to building projects and back to school programmes in more than 27 primary and high schools. We continued our technology in school programme, with the donation of computer systems to seven teaching institutions.

In November 2002, we took our support of the Salvation Army to a new level by sponsoring and hosting the launch of the Annual Salvation Army Christmas Kettle Appeal, at the Scotiabank Centre building.

STAFF & COMMUNITY INVOLVEMENT

Members of staff have always responded to calls to help the less fortunate. In July, they donated several boxes of food and clothing to some 53 persons who lost their homes in a devastating fire on Regent Street, Kingston.

On National Labour Day, staff members also joined the national effort to refurbish basic schools islandwide. The Bank's major project was the Hermitage Basic School in August Town, St. Andrew, where staff from corporate area branches, subsidiaries and the Managing Director's Office assisted in painting the school's bathroom and kitchen, erected a covering for the main entrance and planted shade trees in the school yard. Throughout the rest of the island, staff members participated in similar projects at several schools.

Similarly, when the Jamaica Cancer Society organized its Relay for Life to raise funds to support cancer survivors, staff members made cash contributions and joined in an all-night vigil and illumination ceremony in memory of cancer victims and survivors.

The annual Take Our Kids To Work Day was again a success for staff and some 120 children of Scotiabank employees. The children spent the day familiarizing themselves with the duties of their parents and guardians.

SPONSORSHIP

Our support of sports was centred on two main activities – Scotiabank Kiddy Cricket and the World Netball Championships hosted in Jamaica in June 2003. Our cricket sponsorship for the year received a major boost when the West Indies Cricket Board, in association with us, successfully launched Clarence Goes to School Cricket Development Programme in several primary schools throughout the island. The programme, named after the Scotiabank Kiddy Cricket Mascot, provides resources to teach cricket terminology, the history of the sport, game rules and regulations, and player statistics, while developing children's skills in core subjects, such as English, Mathematics, and Science.

Scotiabank played a major role in the staging of the World Netball Championships in Jamaica, in June 2003, by hosting the official welcome dinner for more than 500 players and officers from countries participating in the championship.

Our sponsorship was extended to other sports and for the second consecutive year, we sponsored tennis, Scotiabank Jamaica Amateur Tennis Classic.

We added a new dimension to our corporate responsibility this year by staging the inaugural Scotiabank Jamaica Lecture Series at the Hilton Hotel in Kingston. World-renowned attorney-at-law Johnnie Cochran from the United States provided the lecture on *Corporate Governance – The Role of Directors and Management*. A booklet containing his presentation was produced and distributed to attendees and other interested individuals in public and corporate life in Jamaica.

REPORT TO SHAREHOLDERS

Scotiabank Jamaica Foundation

The Foundation contributed $37.5 million to health, education and community projects during the year.

EDUCATION

In June, we committed $6.5 million towards the establishment of the Hugh Shearer Foundation to develop the trade union movement in Jamaica, through scholarship and research activities, provide educational opportunities for youths in rural Jamaica and relieve poverty and distress among vulnerable groups such as our senior citizens.

We expanded our commitment to providing scholarships to include the Montego Bay Community College. The Foundation awarded 129 scholarships and bursaries, totalling $10.2 million, to students attending the three universities, Montpelier Community College and several high schools island-wide. We also continued our support of the breakfast programme at the Holy Family Infant and Primary School.

HEALTH

We expanded our activities in the provision of health care by deepening our commitment to three major projects that we have supported in past years – the Mobile Mammography Programme through the Jamaica Cancer Society (JCS), the Inner City Renewal Programme, and the Scotiabank Centennial Accident and Emergency Unit at the University Hospital.

Deputy Managing Director Minna Israel smiles in approval as Kimani James reads his scholarship certificate at the annual Scotiabank Jamaica Foundation scholarship luncheon at the Pegasus Hotel. He was one of the 15 students who received scholarships from the Foundation for his performance in the 2003 Grade Six Achievement Test.

BREAST CANCER AWARENESS

The Foundation's support of the Jamaica Cancer Society's Mobile Mammography Programme, made possible by our donation of the unit in 2000, continued during the year. We hosted the unit at several branch locations. Screening by the mobile unit now represents 20% of the Society's total screening activities.

A recent survey commissioned by the Jamaica Cancer Society showed that 45% of persons interviewed did not know the purpose of a mammogram, and 63% felt that they were not at risk of cancer or did not know if they were. We worked towards increasing the level of awareness of the JCS and its work by printing and distributing 30,000 donation appeals in our customers' credit card statements, implementing a tin drive and mobilizing a team of Scotiabank staff members to support the annual Denise Thwaites 5K Race for Life.

INNER CITY DEVELOPMENT

In 2001, we reinforced our commitment to the redevelopment of the City of Kingston with a pledge of $15 million to the Prime Minister's Inner City Renewal Programme. This year, we handed over our final instalment of $5 million, and made a further commitment to the city of $19 million to build and equip a maternity and childcare centre.

ACCIDENT & EMERGENCY CARE

It has been over ten years since we established the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies. As part of the celebrations of this milestone in January, we will expand the unit at a cost of $28.2 million. We will continue to provide $1 million annually for its maintenance, which now provides emergency care for approximately 60,000 persons per year, up from 16,000 in the unit's first year of operation.

NATIONAL BLOOD TRANSFUSION SERVICE

In September, we contributed $1.1 million to refurbish a section of the building housing the National Blood Transfusion Service, The Blood Bank. To continue our involvement with this worthy cause, the Foundation will be conducting several blood drives island-wide to support the work of the Blood Bank.

DIALYSIS CARE

We continued our support to dialysis care with the donation of drugs and supplies amounting to $16.2 million to The Scotiabank Jamaica Foundation Haemodialysis Centre at the Cornwall Regional Hospital, and the Renal Unit at the Kingston Public Hospital.

COMMUNITY PROJECTS

The Golden Age Home has been a project of the Management Association of the Bank since the inception of the home in 1980. For the past 7 years the Foundation has funded meals for 32 residents of Cluster F at an approximate cost of $1 million annually.

RISK MANAGEMENT

OVERVIEW

The Scotiabank risk management framework has been developed to address the diversity of the Bank's business activities. This framework is supported by a robust risk management culture and a strong commitment to active management of risks by both executive and business line management. Scotiabank's primary risk management objectives are to protect and ensure the safety and stability of customers' funds that are placed in our fiduciary care and to create and protect shareholder value. Through our various business activities, we are exposed to four major types of risks – credit, market, liquidity and operational.

The risk management framework is driven by the principles that are set out below; these principles are applied to all businesses and risk types.

- Board Oversight – risk strategies, policies and limits are subject to Board review and approval
- Independent Review - all risk-taking activities are subject to independent review by the Risk Assessment Committee, which is separate from the business line that initiates the activity
- Diversification – policies and limits are designed with a view to ensuring that risks are well diversified
- Assessment – processes are designed to ensure that risks are properly assessed at the transaction, customer and portfolio levels
- Review and reporting – risk profiles of individual customers and portfolios are subjected to ongoing review and reporting to executive management and the Board
- Accountability – business units are accountable for all risks and the related returns
- Audit review – individual risks and portfolios are subject to comprehensive internal audit review, with independent reporting to the Audit Committee of the Board by the internal audit function.

The various processes within the Bank's risk management framework are designed to ensure that risks in the various business activities are properly identified, measured, assessed and controlled. Policies and limits are then designed to ensure that the Bank's risk taking is consistent with its risk management strategies, business objectives and risk tolerance. Risks are managed within the limits established by the Board of Directors.

CREDIT RISK

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial contractual obligation. Credit risk arises both in the Bank's direct lending operations and its funding and investment activities, where counterparties have repayment or other obligations to the Bank.

Scotiabank's credit risk is managed through strategies, policies and limits that are approved by the Board of Directors. These strategies include centralized credit processes, portfolio diversification, enhanced credit analysis and strong Board oversight.

CREDIT PROCESSES

Scotiabank employs a highly centralized credit granting process that ensures all major lending decisions are referred to a Senior Credit Committee or, where appropriate, to a Loan Policy Committee. Credit proposals on major corporate and commercial accounts are submitted directly to the Credit Department by client relationship officers in the business lines. Credit specialists, who are independent of the business line, analyse the proposal. A risk rating system is used to quantify and evaluate the risk, and determine whether the Bank is being adequately compensated, and the Board reviews and ratifies all major credits.

Once a credit proposal has been authorized, a company's financial condition is monitored by business line and Credit Department personnel for signs of deterioration, which could affect the borrower's ability to meet its obligations to the Bank. In addition, a full review and risk analysis of each client relationship is undertaken at least annually. Additional reviews are carried out more frequently in the case of higher risk credits.

Decisions on small and medium-sized commercial credits are made using a centralized loan underwriting system, which uses a computerized scoring model. This process is significantly more efficient than the previous manual scoring system; thus, the turnaround time is significantly improved. Decisions on most retail credits continue to be made in branches using the retail credit-scoring system. Retail portfolios are reviewed on a monthly basis for emerging trends in credit quality. In addition, these portfolios are regularly subjected to detailed analytical review to confirm the validity of the parameters used in the scoring models.

MARKET RISK

Market risk refers to the risk of loss due to unfavourable changes in interest rates, foreign exchange rates, market prices and volatilities that result from the Bank's funding, investment and trading activities.

RISK MANAGEMENT CONT'D

Market risk is an integral part of the Bank's lending and deposit-taking activities, as well as its funding, trading and investment activities. Market risk exposures are managed through key policies, standards and limits established by the Board of Directors, which are formally reviewed and approved by the Board at least annually.

Within the policy and limit framework established by the Board, the Asset and Liability Committee (ALCO) provides senior management oversight of the Bank's market risk exposure. The ALCO is primarily focused on asset liability management, which includes lending, funding, trading and investment activities. All market risk limits are reviewed at least annually. The key sources of market risk are described below.

INTEREST RATE RISK

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Bank's lending, funding and investment activities give rise to interest rate risk. For these activities, the impact of changes in interest rates is reflected in net interest income.

FOREIGN EXCHANGE RISK

Foreign exchange risk arises from trading activities and foreign currency operations. In its trading activities, the Bank buys and sells currencies in the spot market for its customers. Foreign exchange gains and losses from these activities are included in other income.

LIQUIDITY RISK

Liquidity refers to the ability to meet financial obligations and to fund the growth of assets. Liquidity risk is the risk of not being able to obtain funds at a reasonable price within a time period to meet obligations as they come due. Liquidity management includes estimating and satisfying the liquidity requirements of the Bank in the most cost-effective way.

The Board of Directors approves the Bank's liquidity and funding management policies and establishes limits to control the risk. The Bank assesses the adequacy of its liquidity position by analyzing its present and anticipated funding requirements, and alternative sources of funds. Future cash inflows and outflows are forecasted on a daily basis.

The Bank maintains large holdings of liquid assets to support its cash flow requirements. These liquid assets can be sold or pledged to meet the Bank's obligations. As at October 31, 2003, liquid assets stood at $65 billion, which represents 44% of total assets.

ASSET LIABILITY MANAGEMENT

Scotiabank's Asset Liability Management (ALM) Programme focuses on measuring, managing and controlling the market and liquidity risks arising in the Bank's lending, funding and investing activities. Scotiabank's ALM process is designed to maintain a balance between enhancing interest revenue and maintaining strong liquidity within a framework of sound and prudent practices. The Asset and Liability Committee (ALCO) is responsible for supervising the ALM program. The committee meets at least once monthly to review risk, evaluate performance and provide strategic direction.

MANAGEMENT OF INTEREST RATE RISK

The ALCO evaluates interest rate risk exposure arising from the Bank's funding and investment activities at least monthly. This supervisory role is supported by risk management processes, which include management and gap analysis. The interest rate gap is a common measure of interest rate sensitivity. A liability gap occurs when more liabilities than assets are subject to rate changes during a given time period.

MANAGEMENT OF FOREIGN CURRENCY RISK

Foreign currency risk arising from the Bank's foreign currency trading is subject to Board approved limits. The ALCO reviews and manages these exposures.

MANAGEMENT OF LIQUIDITY RISK

The objectives of the liquidity management processes are to ensure that the Bank honours all of its financial commitments as they fall due. To fulfill this objective, the Bank measures and forecasts its cash commitments, maintains diversified sources of funding, sets prudent investment and loan limits and ensures immediate access to liquid assets. Maintaining a strong credit rating also ensures timely access to borrowing on favourable rates and terms. The ALCO evaluates the Bank's liquidity profile on a monthly basis, or more frequently as required.

FUNDING

Scotiabank relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. The principal sources of funding are capital, core deposits from retail and commercial customers, and wholesale deposits raised in the interbank and commercial markets. Scotiabank's extensive branch network provides a strong foundation for diversifying its funding and raising the level of core deposits. The Bank benefits considerably from its substantial core savings deposit funding, which now represent 65% of total funding. In 2003,

RISK MANAGEMENT CONT'D

core savings deposits continued to grow, reaching $57 billion as at October 31, 2003.

TRADING ACTIVITIES

Scotiabank's policies, processes and controls for trading activities are designed to ensure that risk taking in its trading business is consistent with the Bank's risk tolerance and control standards.

Trading portfolios are managed with the intent to buy and sell financial instruments over a short period of time, rather than to hold positions for longer-term investment. Trading activity is customer focused, but also includes a proprietary component.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems, or from external events. Operational risk is inherent in each of the Bank's business and key support activities, and can manifest itself in various ways. These include breakdowns, errors, business interruptions and inappropriate behaviour of employees, and can potentially result in financial losses and other damage to the Bank. Operational losses can be categorized into the following loss types:

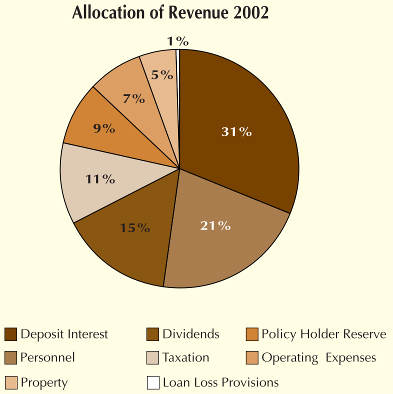
- Errors or breakdown in transaction processing
- Legal liability arising from failure to meet legislative or contractual requirements
- Loss due to fraud, theft and unauthorized activities
- Loss or damage to assets due to natural disasters, acts of terrorism or other accidents.

Operational risks are managed and controlled within the individual business lines, and a wide variety of checks and balances to address operational risks have been developed as an important part of our risk management culture. They include the establishment of risk management policies, a rigorous planning process, regular organizational review, thorough enforcement of the Bank's Guidelines for Business Conduct, and clearly defined and documented approval authorities.

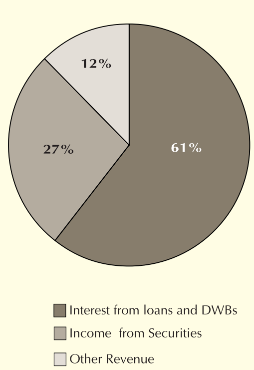
Regular audits conducted by an experienced independent internal audit department includes comprehensive reviews of the design and operation of internal control systems in all business and support groups, new products and systems and the reliability and integrity of data processing operations.

As part of our strong control culture, units are also subject to a standard, documented compliance program; the elements of which include, regulatory awareness, regulatory risk assessment, compliance monitoring, non-compliance and problem resolution, and compliance reporting. Compliance matrices, which outline the various legislative and regulatory requirements for each unit, have been developed. The Bank's Compliance Officer manages the compliance program.

Allocation of Revenue 2002



Source of Revenue 2002



ECONOMIC REVIEW

During the first quarter of the fiscal year, the economy came under immense pressure as a result of a rapid depreciation in the foreign exchange rate that threatened the stability of the government's main macroeconomic targets. The focus of the government therefore, was to stabilize the foreign exchange market and this involved the maintenance of a tight stance on liquidity management, along with an increased supply of foreign exchange to the market.

After a period of stability the Jamaican dollar began to depreciate rapidly towards the end of April. This development led to a greater demand for foreign exchange, and the monetary authorities were forced to increase interest rates on GOJ/BOJ securities and to institute a "Special Deposit" requirement for commercial banks and institutions licensed under the Financial Institutions Act. Each institution was required to place cash deposits with the Central Bank equivalent to 5% of its Jamaican dollar deposit liabilities. There were also significant sales of foreign exchange by the Central Bank to the market in early May. The initiative has been successful so far in stabilizing the currency.

Tax adjustments on various commodities and services, as well as increases in bus fares and the national minimum wage have been major factors influencing inflation during the period under review. The June quarter experienced inflation of 6.0% which is the highest quarterly rate in Jamaica since March 1996. The rate of inflation for the fiscal year to date was 12.6%. In October the All Jamaican Consumer Price Index (CPI) increased by 1.6% over the index recorded for September 2003.

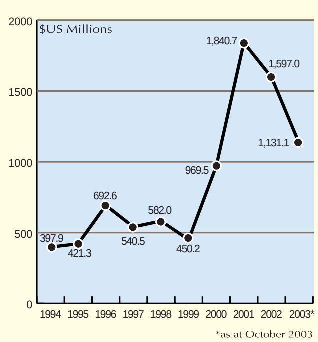
The Government's main challenge remains that of managing the public debt which continued to increase during the year. The external debt as at October 2003 was US$3,767.4 million, while the domestic debt increased to J$402,317 million, as at the end of September 2003.

THE FINANCIAL SECTOR

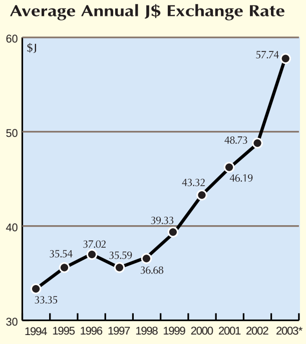
Based on preliminary statistics, for the period January to September 2003, the Financial sector grew by 5.9%, relative to the corresponding period in 2002. At the end of September 2003, total assets of commercial banks amounted to $307.6 billion, an increase of 18.7 % relative to September 2002. For the period January to October 2003 the life insurance sector posted a 19% growth in annualized premiums while new insurance policies declined by 2% over the corresponding period last year. The assets of building societies amounted to $60.4 billion at the end of September 2003, an increase of 13.7% compared with the same period in 2002. The credit union industry's major performance indicator was loans outstanding that stood at $12.8 billion.

The stock market performance indicators were mixed. The All Jamaica Composite Index declined during the period as portfolio holders shifted towards foreign exchange, while the main Jamaica Stock Exchange (JSE) index increased. This was attributed to the positive price performance of a few highly capitalized foreign-owned entities included in the JSE index.

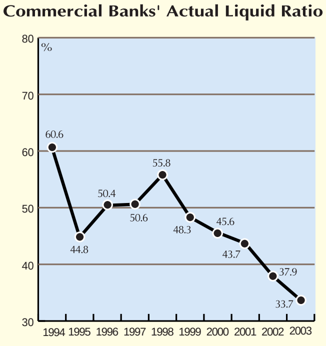
Net International Reserves



Average Annual J$ Exchange Rate



Commercial Banks' Actual Liquid Ratio



ECONOMIC OVERVIEW CONT'D

OUTLOOK

While the Government's intended policy is still one of low interest rates, single digit inflation and exchange rate stability, it will take some time for the level of confidence and the consequent trend of decreasing interest rates and a relatively stable exchange rate, that existed prior to the October 16, 2002 general elections, to return to the economy.

Mining and tourism are the two leading foreign exchange earners. They have continued to show robust growth through 2003. Alumina and bauxite production were up by 9.78% and 5% in the first half of 2003, respectively. Alumina accounts for an estimated 90% of the sector and 45% of the total value of Jamaican exports. The sector is undergoing expansion and productivity improvements and this is expected to lead to a double-digit increase in output in 2004.

The tourism sector continues to show signs of improvement as total visitor arrivals increased by 18.4%, while revenues from visitor spending increased by 9.2% over the first eight months of 2003 to US$1,069 million. Cruise passenger arrivals increased by 37%, alongside commitments by foreign firms to build another 3,000 hotel rooms in the next two to three years. This sector is expected to continue its strong performance, despite increased competition from other Caribbean destinations.

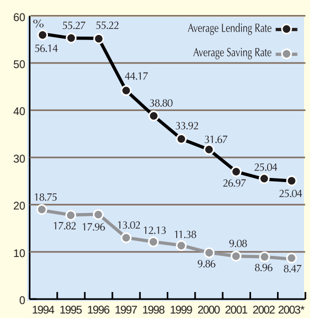
The agriculture sector is expected to grow by 4% this year, as the recent depreciation of the local currency should play a major role in improving the competitiveness of domestic exports.

The outlook is favourable for the manufacturing sector as the food –processing and beverage segments are expected to improve as a result of restructuring and expansion initiatives implemented by a number of large distributors.

Crime and violence continue to be a significant deterrent to economic growth. The government has implemented several initiatives which are expected to reap some positive results in the near to medium term.

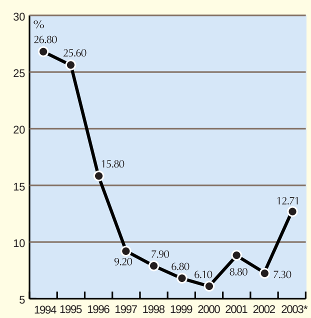
The major challenge for the government through its monetary policy remains the restoration of confidence in Jamaica's financial markets, which depends critically on preserving the stability in the foreign exchange market. Positive fiscal performance is the primary factor in the process that will facilitate the basis for a sustained reduction in interest rates.

All Commercial Banks' Interest Rates



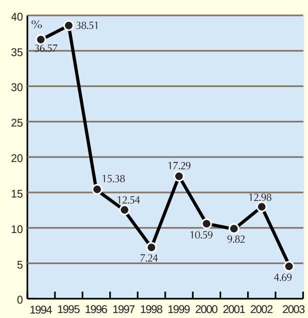
*January-October 2003

Annual Inflation Rate



*January - October 2003

Money Supply Growth



*as at September 2003

SHAREHOLDINGS

Shareholdings of Directors and Connected Persons in The Bank of Nova Scotia Jamaica Limited as at October 31, 2003*

	Units
Robert Pitfield	NIL
Anthony C. Allen	2,376
William E. Clarke, CD	349,212
Anthony Chang	637
Professor Celia D.C. Christie	10,000
Dr. Jean A. Dixon	14,745
Peter C. Godsoe	NIL
Muna M. Issa	9,993
Minna Israel	40,340
Dr. Wayne St. A. Henry	NIL
Charles Johnston	1,164
Warren McDonald	5,000
Hon. Mayer M. Matalon, OJ	50,000
William A. McConnell, CD	5,000
Dr. Herbert J. Thompson	14,820
Richard E. Waugh	NIL

*Inclusive of shares in Jamaica Central Securities Depository

Shareholders Holding the Ten Largest Blocks of Shares in The Bank of Nova Scotia Jamaica Limited as at October 31, 2003

	Units
1. The Bank of Nova Scotia, Toronto, Canada	1,024,531,200
2. Scojampen Limited	40,696,108
3. Life of Jamaica Pooled Equity Fund No. 1	30,356,517
4. Scotia Jamaica Investment Management Limited	
- A/C 560	24,603,911
5. Guardian Life Limited	18,907,353
6. National Insurance Fund	12,870,720
7. Capital & Credit Merchant Bank Limited	10,079,814
8. Investment Nominees Limited	
- A/C Lascelles Henriques S/A Fund	7,576,998
9. Scotia Jamaica Investment Management Limited	
- A/C 542	6,701,816
10. Manchester Pension Trust Fund	6,508,722

Shareholdings of Senior Management Officers of The Bank of Nova Scotia Jamaica Limited as at October 31, 2003*

	Units
William E. Clarke, CD	349,212
Egerton Anderson	38,537
Joyce Beadle-DeSousa	NIL
Rion B. Hall	1,266,871
Minna A. Israel	40,340
Suzette McLeod	60,000
Peter Noble	NIL
David Noël	3,000
Rosemarie Pilliner	106,269
H. Wayne Powell	589,912
- Yanissa Investments	72,224
Marie Powell	20,000
Peter Reid	100,000
Dwight D. Richardson	133,568
Janice V. Robinson	10,000
Jacqueline Sharp	NIL
Audrey Tugwell-Henry	NIL
Brian K. Webb	NIL
Donald O. Williams	186,679
- Eileen H. Williams	75,851
Gladstone Whitelocke	34,000
- Elaine Whitelocke	2,042
Stacie-Ann Wright	NIL
Kevin J. Workman	NIL

*Inclusive of shares in Jamaica Central Securities Depository

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Box 372
Kingston Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581

November 27, 2003

To the Members of
The Bank of Nova Scotia Jamaica Limited
Kingston

Auditors' Report

We have audited the financial statements set out on pages 33 to 90, and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Bank and the Group as at 31 October 2003 and of the results of operations, changes in equity and cash flows of the Bank and the Group for the year then ended, and have been prepared in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act applicable to banking companies.

PricewaterhouseCoopers
Chartered Accountants
Kingston, Jamaica

STATEMENT OF CONSOLIDATED REVENUE AND EXPENSES
Year ended 31 October 2003

	Note	2003 $'000	Restated 2002 $'000
Net Interest Income and Other Revenue			
Income from loans and deposits with banks		11,918,354	9,474,985
Income from securities		5,337,391	4,219,361
Total interest income		17,255,745	13,694,346
Interest on deposits		(5,228,538)	(4,935,276)
Net interest income		12,027,207	8,759,070
Impairment losses on loans	19	(86,525)	(97,798)
Net interest income after impairment losses on loans		11,940,682	8,661,272
Net foreign exchange trading income	4	693,825	375,544
Net fee and commission income	5	1,462,773	1,324,180
Insurance premium income		224,825	140,981
Other income		51,918	11,806
		14,374,023	10,513,783
Expenses			
Salaries, pension contributions and other staff benefits	6	3,536,490	2,624,153
Property expenses, including depreciation		842,311	704,759
Change in policyholders' reserve	7	1,441,550	898,593
Other operating expenses, net		1,246,269	977,543
		7,066,620	5,205,048
Profit before Taxation	8	7,307,403	5,308,735
Taxation	9	(1,850,733)	(1,438,953)
Net Profit	10	5,456,670	3,869,782
EARNINGS PER STOCK UNIT	11	$3.73	$2.64

CONSOLIDATED BALANCE SHEET
31 October 2003

	Note	2003 $'000	Restated 2002 $'000
ASSETS			
Cash Resources			
Notes and coins of, deposit with, and money at call at, Bank of Jamaica	12	16,623,234	16,982,874
Government and bank notes other than Jamaica		252,824	173,046
Amounts due from other banks	13	15,242,195	14,902,968
Accounts with parent and fellow subsidiaries	14	3,224,980	286,435
		35,343,233	32,345,323
Investment Securities	16		
Available-for-sale		5,220,142	2,686,851
Originated debts		25,910,253	24,627,069
		31,130,395	27,313,920
Government Securities Purchased under Resale Agreements	17	17,249,029	14,120,663
Loans, after Allowance for Impairment Losses	18	48,052,569	39,378,419
Lease Receivables	20	22,145	42,096
Other Assets			
Customers' liabilities under acceptances, guarantees and letters of credit		4,721,127	5,388,243
Property, plant and equipment	21	1,993,601	1,797,291
Deferred tax assets	22	116,204	69,426
Retirement benefit asset	23	2,977,805	2,749,198
Other assets	24	6,548,779	4,162,854
		16,357,516	14,167,012
		148,154,887	127,367,433

Consolidated Balance Sheet
31 October 2003

	Note	2003 $'000	Restated 2002 $'000
LIABILITIES			
Deposits			
Deposits by the public	25	87,067,332	76,947,608
Amounts due to other banks and financial institutions	26	1,529,155	1,330,235
Amounts due to parent company	28	2,715,527	1,855,914
Amounts due to fellow subsidiaries		2,589	3,233
		91,314,603	80,136,990
Other Liabilities			
Cheques and other instruments in transit		2,674,641	2,333,552
Acceptances, guarantees and letters of credit		4,721,127	5,388,243
Securities sold under repurchase agreements		15,292,996	11,566,632
Taxation payable		895,632	565,412
Deferred tax liabilities	22	1,110,256	1,021,874
Retirement benefit obligations	23	235,183	190,232
Other liabilities	29	2,779,490	3,765,259
		27,709,325	24,831,204
Policyholders' Fund	7	11,474,583	8,333,463
STOCKHOLDERS' EQUITY			
Share capital	31	1,463,616	1,463,616
Reserve fund	32	1,694,864	1,734,864
Retained earnings reserve	33	5,920,134	5,299,134
Cumulative Remeasurement result from Available-for-sale Financial Assets	34	22,697	22,657
Loan loss reserve	35	806,524	806,524
Other reserves	36	26,714	26,714
Dividends proposed	43	1,141,620	446,403
Unappropriated profits		6,580,207	4,265,864
		17,656,376	14,065,776
		148,154,887	127,367,433

Approved for issue by the Board of Directors on November 27, 2003 and signed on its behalf by:

Robert H. Pitfield — Director
Minna A. Israel — Director
William E. Clarke — Director
David A. Noel — Secretary

STATEMENT OF CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

Year ended 31 October 2003

	Note	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Remeasurement Result From Available For-Sale Financial Assets	Loan Loss Reserve	Other Reserves	Dividends Proposed	Unappropriated Profits	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 October 2001 as previously reported		1,463,616	1 734,864	4,549 134	-	-	526,857	-	1,829,353	10,103 824
Effect of adopting International Financial Reporting Standards	44	-	-	-	30 167	844,574	(500,143)	402 494	999,886	1,776 978
As restated		1,463,616	1 734,864	4,549 134	30,167	844,574	26,714	402,494	2 829,239	11,880 802
Unrealised losses on available-for-sale investments, net of taxes		-	-	-	(7 510)	-	-	-	-	(7,510)
Adjustment between regulatory loan provisioning and IFRS	44	-	-	-	-	(38,050)	-	-	-	(38,050)
Restated net profit	44		-		-		-		3,869,782	3,869,782
Dividends paid		-	-	-	-	-	-	(402 494)	(1 236,754)	(1 639 248)
Dividends proposed	43	-	-	-	-	-	-	446,403	(446,403)	-
Transfer to retained earnings reserve		-		750 000	-	-	-	-	(750,000)	-
Balance at 31 October 2002		1,463,616	1 734,864	5,299 134	22,657	806,524	26,714	446 403	4 265,864	14,065 776
Unrealised losses on available-for-sale investments, net of taxes		-	-	-	40	-	-	-	-	40
Net profit		-	-	-	-	-	-	-	5,456,670	5,456 670
Dividends paid		-	-	-	-	-	-	(446,403)	(1,419 707)	(1,866,110)
Dividends proposed	43							1 141,620	(1,141 620)	
Transfer from reserve fund		-	(40,000)	-	-	-	-	-	40,000	-
Transfer from retained earnings reserve				(229,000)					229,000	
Transfer to retained earnings reserve		-	-	850 000	-	-	-	-	(850 000)	-
Balance at 31 October 2003		1,463,616	1 694 864	5,920 134	22 697	806,524	26,714	1 141 620	6 580,207	17,656 376

Statement of Consolidated Cash Flows
Year ended 31 October 2003

	2003 $'000	Restated 2002 $'000
Cash Flows from Operating Activities		
Net profit	5,456,670	3,869,782
Interest received	16,193,513	13,360,564
Interest paid	(4,388,035)	(5,113,588)
Income tax paid	(1,425,583)	(1,443,256)
Depreciation	276,760	241,699
Impairment losses on loan	86,525	97,798
Gain on sale of property plant and equipment	(4,095)	(4,996)
Write offs of property plant and equipment	14,044	-
Deferred taxation	41,604	165,403
Policyholders' reserve	3,141,120	2,502,363
Statutory reserves at Bank of Jamaica	(3,126,264)	(116,141)
Interest income	(17,255,745)	(13,694,349)
Interest expense	5,228,538	4,935,272
Income tax charge	1,850,733	1,438,953
Customers' deposits	10,315,667	9,231,936
Loans	(8,775,675)	(13,419,179)
Net cash provided by operating activities	7,629,777	2,052,261
Cash Flows from Investing Activities		
Government securities purchased under resale agreements	(3,128,366)	594,526
Purchase of property plant and equipment	(492,375)	(305,494)
Investment securities	(3,662,987)	(1,706,070)
Proceeds from the sale of property plant and equipment	9,356	17,763
Other assets, net	(1,585,010)	(518,232)
Net cash used in investing activities	(8,859,382)	(1,917,507)
Cash Flows from Operating and Investing Activities	(1,229,605)	134,754

STATEMENT OF CONSOLIDATED CASH FLOWS (CONTINUED)

Year ended 31 October 2003

	Note	2003 $'000	Restated 2002 $'000
Cash Flows from Operating and Investing Activities (Page 37)		(1,229,605)	134,754
Cash Flows from Financing Activities			
Due to parent company and fellow subsidiaries		858,969	1,174,874
Dividends paid		(1,866,110)	(1,639,248)
Other liabilities, net		1,850,324	5,575,937
Net cash provided by financing activities		843,183	5,111,563
Effect of exchange rate changes on cash and cash equivalents		55,427	7,449
Net (decrease)/increase in cash and cash equivalents		(330,995)	5,253,766
Cash and cash equivalents at beginning of year		23,872,025	18,618,259
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	23,541,030	23,872,025

Statement of Revenue and Expenses
Year ended 31 October 2003

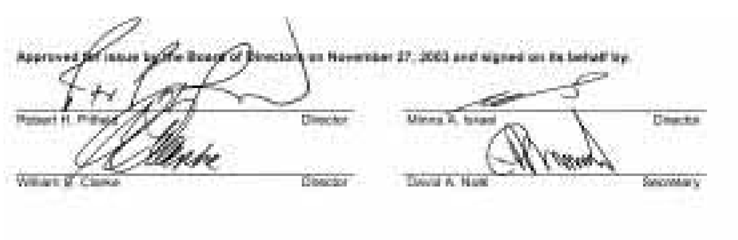
	Note	2003 $'000	Restated 2002 $'000
Net Interest Income and Other Revenue			
Income from loans and deposits with banks		10,815,112	8,488,244
Income from securities		3,504,479	3,241,526
Total interest income		14,319,591	11,729,770
Interest on deposits		(5,458,783)	(4,846,958)
Net interest income		8,860,808	6,882,812
Impairment losses on loans	19	(76,987)	(98,549)
Net interest income after impairment losses on loans		8,783,821	6,784,263
Net foreign exchange trading income	4	688,459	375,417
Net fee and commission income	5	1,283,338	1,199,077
Other revenue		51,479	17,520
		10,807,097	8,376,277
Expenses			
Salaries, pension contributions and other staff benefits	6	3,230,304	2,355,984
Property expenses, including depreciation		808,691	685,498
Other operating expenses, net		1,072,446	853,084
		5,111,441	3,894,566
Profit before Taxation	8	5,695,656	4,481,711
Taxation	9	(1,576,652)	(1,246,583)
Net Profit	10	4,119,004	3,235,128

BALANCE SHEET
31 October 2003

	Note	2003 $'000	Restated 2002 $'000
ASSETS			
Cash Resources			
Notes and coins of, deposit with, and money at call at,			
Bank of Jamaica	12	16,589,965	16,898,004
Government and bank notes other than Jamaica		252,824	173,046
Amounts due from other banks	13	15,216,541	14,882,433
Accounts with parent and fellow subsidiaries	14	3,224,980	286,434
		35,284,310	32,239,917
Investment Securities	16		
Available-for-sale		3,449,010	2,444,634
Originated debts		17,713,539	17,854,373
		21,162,549	20,299,007
Investment in Subsidiaries		258,238	264,238
Government Securities Purchased under Resale Agreements	17	42,466	471,145
Loans, after Allowance for Impairment Losses	18	45,325,965	37,118,270
Other Assets			
Customers' liabilities under acceptances, guarantees and			
letters of credit		4,338,158	4,982,428
Property, plant and equipment	21	1,923,221	1,733,389
Deferred tax assets	22	103,108	63,411
Retirement benefit asset	23	2,977,805	2,749,198
Other assets	24	3,472,921	2,823,941
		12,815,213	12,352,367
		114,888,741	102,744,944

Balance Sheet (continued)
31 October 2003

	Note	2003 $'000	Restated 2002 $'000
LIABILITIES			
Deposits			
Deposits by the public	25	83,791,347	72,503,221
Amounts due to other banks and financial institutions	26	1,435,408	1,225,107
Amounts due to subsidiaries	27	135,189	125,216
Amounts due to parent company	28	2,715,527	1,855,914
Amounts due to fellow subsidiaries		2,589	3,233
		88,080,060	75,712,691
Other Liabilities			
Cheques and other instruments in transit		2,674,641	2,285,676
Acceptances, guarantees and letters of credit		4,338,158	4,982,428
Securities sold under repurchase agreements		3,100,745	3,720,601
Taxation payable		753,726	499,514
Deferred tax liabilities	22	1,092,788	1,006,351
Retirement benefit obligations	23	235,183	190,232
Other liabilities	29	1,198,075	3,108,838
		13,393,316	15,793,640
STOCKHOLDERS' EQUITY			
Share capital	31	1,463,616	1,463,616
Reserve fund	32	1,467,000	1,467,000
Retained earnings reserve	33	5,519,384	4,669,384
Cumulative Remeasurement result from Available-for-sale Financial Assets	34	(54,518)	21,623
Loan loss reserve	35	765,292	765,292
Dividends proposed	43	1,141,620	446,403
Unappropriated profits		3,112,971	2,405,295
		13,415,365	11,238,613
		114,888,741	102,744,944



Statement of Changes in Stockholders' Equity

Year ended 31 October 2003

	Note	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Remeasurement Result From Available For-Sale Financial Assets	Loan Loss Reserve	Other Reserves	Dividends Proposed	Unappropriated Profits	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 October 2001 as previously reported		1 463 616	1 467,000	3,919,384	-	-	475,503	-	578,767	7,904 270
Effect of adopting International Financial Reporting Standards	44				29,909	752,790	(475,503)	402,494	1 024,557	1,764 247
As restated		1 463 616	1 467,000	3,919 384	29,909	752,790	-	402,494	1 603,324	9,668 517
Unrealised losses on available-for-sale investments, net of taxes		-	-	-	(8,286)	-	-	-	-	(8,286)
Adjustment between regulatory loan provisioning and IFRS	44	-	-	-	-	(17,498)	-	-	-	(17,498)
Restated net profit	44	-		-	-	-	-	-	3 235,128	3,235,128
Dividends paid		-	-	-	-	-	-	(402,494)	(1 236,754)	(1 639,248)
Dividends proposed	43	-	-	-	-	-	-	446,403	(446,403)	-
Transfer to retained earnings reserve		-	-	750,000	-	-	-	-	(750,000)	-
Balance at 31 October 2002		1 463 616	1 467,000	4,669,384	21,623	765,292	-	446,403	2 405,295	11 238 613
Unrealised losses on available-for-sale investments, net of taxes		-	-	-	(76,141)	-	-	-	-	(76,141)
Net profit		-	-	-	-	-	-	-	4,119,004	4,119,004
Dividends paid		-	-	-		-	-	(446,403)	(1 419 708)	(1 866,111)
Dividends proposed	43	-						1,141,620	(1,141 620)	-
Transfer to retained earnings reserve		-		850 000		-		-	(850 000)	-
Balance at 31 October 2003		1 463 616	1 467,000	5,519,384	(54,518)	765,292	-	1,141,620	3 112,971	13,415 365

STATEMENT OF CASH FLOWS
Year ended 31 October 2003

	2003 $'000	Restated 2002 $'000
Cash Flows from Operating Activities		
Net profit	4,119,004	3,235,128
Interest received	14,769,397	11,377,893
Interest paid	(5,281,068)	(4,669,244)
Income tax paid	(1,240,175)	(1,264,881)
Depreciation	266,780	233,184
Impairment losses on loan	76,987	98,549
Gain on sale of property plant and equipment	(3,991)	(20,981)
Write offs of property plant and equipment	14,044	-
Deferred taxation	46,740	169,679
Statutory reserves at Bank of Jamaica	(3,242,555)	(91,782)
Interest income	(14,319,591)	(11,729,771)
Interest expense	5,224,011	4,846,958
Income tax charge	1,576,652	1,246,583
Customers' deposits	11,478,606	8,603,590
Loans	(8,299,682)	(13,364,200)
Net cash provided by/(used in) operating activities	5,185,159	(1,329,295)
Cash Flows from Investing Activities		
Government securities purchased under resale agreements	428,679	3,247,855
Purchase of property plant and equipment	(475,699)	(300,296)
Investment securities	(766,234)	(641,599)
Investment in subsidiaries	6,000	-
Proceeds from the sale of property plant and equipment	9,034	33,721
Other assets, net	(1,413,658)	(515,142)
Net cash (used in)/provided by investing activities	(2,211,878)	1,824,539
Cash Flows from Operating and Investing Activities	2,973,281	495,244

STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 October 2003

	Note	2003 $'000	Restated 2002 $'000
Cash Flows from Operating and Investing Activities (Page 43)		2,973,281	495,244
Cash Flows from Financing Activities			
Due to parent company and fellow subsidiaries		868,942	1,193,355
Dividends paid		(1,866,111)	(1,639,248)
Other liabilities, net		(2,431,612)	5,231,813
Net cash (used in)/provided by financing activities		(3,428,781)	4,785,920
Effect of exchange rate changes on cash and cash equivalents		51,820	6,984
Net (decrease)/increase in cash and cash equivalents		(403,680)	5,288,148
Cash and cash equivalents at beginning of year		23,918,747	18,630,598
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	23,515,067	23,918,746

1. Identification, Regulation and Licence

The Bank of Nova Scotia Jamaica Limited ("The Bank") is incorporated and domiciled in Jamaica. It is a 70% subsidiary of The Bank of Nova Scotia, which is incorporated and domiciled in Canada. The registered office of The Bank is located at the Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston.

The Bank is licensed and these financial statements have been prepared in accordance with the provisions of the Banking Act, 1992.

The Bank is listed on the Jamaica Stock Exchange.

The Bank's subsidiaries, which are all incorporated and domiciled in Jamaica, are as follows:

Subsidiaries	Principal Activities	Holding	Financial Year End
Scotia Jamaica Investment Management Limited (formerly Scotiabank Jamaica Trust and Merchant Bank Limited)	Investment and Pension Fund Management	100%	31 October
The Scotia Jamaica Building Society	Mortgage financing	100%	31 October
Scotia Jamaica Life Insurance Company Limited	Life Insurance	100%	31 December
Scotia Jamaica General Insurance Brokers Limited (formerly Scotia Jamaica Insurance Agency Limited)	Insurance Brokers	100%	31 October
Scotia Jamaica Financial Services Limited (formerly Scotia Jamaica Investment Management Limited)	Non-trading	100%	31 October
Brighton Holdings Limited	Non-trading	100%	31 October

These financial statements are presented in Jamaican dollars unless otherwise identified.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 October 2003 have therefore been prepared in accordance with and comply with IFRS and comparative information has been restated to conform with the provisions of IFRS. IFRS 1 – First-time adoption of IFRS has been adopted early.

The effects of adopting IFRS on equity and net profit as previously reported are detailed in Note 44. The financial statements have been prepared under the historical cost convention as modified for the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation
The consolidated financial statements include the assets, liabilities and results of operations of the Bank and its subsidiaries, after eliminating inter-company transactions, balances and unrealised gains and losses.

(c) Policyholders' reserve
The policy reserves have been calculated using the Policy Premium Method (PPM) of valuation. Under this method explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves.

The process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates.

An actuarial valuation is prepared annually. The actuarial surplus, net of taxation, is transferred from the life assurance fund to the statement of revenue and expenses

(d) Interest income and expense
Interest income and expense are recognised in the statement of revenue and expenses for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments.

Where collection of interest income is considered doubtful, or payment is outstanding for more than 90 days, the banking regulations stipulate that interest should be taken into account on the cash basis. IFRS requires that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However such amounts under IFRS are considered to be immaterial.

(e) Sale and repurchase agreements
Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(f) Premium Income
Premiums are recognised as earned when due.

(g) Fee and commission income
Fee and commission income is recognised on an accrual basis. Loan origination fees, for loans which are probable of being drawn down, are recognised in the statement of revenue and expenses immediately as they are not considered material for deferral.

2. Summary of Significant Accounting Policies (Continued)

(h) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the balance sheet date, being the mid-point between the Bank of Jamaica's (the central bank) weighted average buying and selling rates at that date.

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the statement of revenue and expenses.

(i) Investments

Investments are classified into the following two categories: originated debts and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Loans and advances which are provided directly to a borrower, and government or other securities which are purchased directly from the issuer, are classifed as originated debts. These include bonds and treasury bills, mortgages and demand loans. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Investments purchased on the secondary market, which are intended to be held for an indefinite period of time and may be sold in response to liquidity needs or changes in interest rate or exchange rate, are classified as available-for-sale. These investments are initially recognised at cost but are subsequently re-measured at fair value based on amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statement of revenue and expenses as gains and losses from investment securities.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

NOTES TO THE FINANCIAL STATEMENTS
31 October 2003

2. Summary of Significant Accounting Policies (Continued)

(j) Investment in subsidiaries
Investments by the Bank in subsidiaries are stated at cost.

(k) Loans and allowance for impairment losses
Loans are stated net of unearned income and allowance for credit losses.

Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method

An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

A loan is classified as impaired when, in management's opinion there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. As required by statutory regulations, if a payment on a loan is contractually 90 days in arrears, the loan will be classified as impaired, if not already classified as such. Any credit card loan that has a payment that is contractually 90 days in arrears is written-off.

When a loan is classified as impaired, recognition of interest in accordance with the terms of the original loan ceases, and interest is taken into account on the cash basis. Interest income on impaired loans has not been recognised, as they are not considered material.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in a non-distributable loan loss reserve as an appropriation of unappropriated profits.

(l) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(m) Fiduciary activities
Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank or its subsidiaries act in a fiduciary capacity such as nominee, trustee or agent.

(n) Acceptances and guarantees
The Group's potential liability under acceptances and guarantees is reported as a liability in the balance sheet. The Group has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

2. Summary of Significant Accounting Policies (Continued)

(o) Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses

Depreciation and amortisation are calculated by the straight-line method at rates estimated to write off the assets over their expected useful lives as follows:

Buildings	40 years
Furniture, fixtures and equipment	10 years
Computer equipment	4 years
Motor vehicles	5 years
Leasehold improvements	Period of lease

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of revenue and expenses when the expenditure is incurred.

(p) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and provisions for pensions and other post retirement benefits and any allowance for impairment losses.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of revenue and expenses account together with the deferred gain or loss.

(q) Leases

(i) As Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(ii) As Lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. Summary of Significant Accounting Policies (Continued)

(r) Pension asset and other post-retirement benefits

(i) Pension asset

The Group has established a defined benefit pension plan. The asset in respect of the defined benefit pension plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates on government securities which have terms to maturity approximating the terms of the related liability. The pension plan is a final salary plan and the charge representing the net periodic pension cost less employee contributions, is included in staff costs.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to the pension plan are charged or credited to income over the service lives of the related employees.

(ii) Other post-retirement obligations

Group companies provide post-retirement health care benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(s) Employee share ownership plan

The Bank has an Employee Share Ownership Plan (ESOP) for certain eligible employees. The Bank currently pays all the administrative and other expenses of the Plan. The Bank provides a fixed benefit to each participant, which is linked to the number of years of service. This benefit is recorded in salaries and staff benefits expense in the statement of revenue and expenses with a corresponding accrual in expenses and other liabilities in the balance sheet.

(t) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances which mature within 90 days from the date of acquisition including cash and balances at Bank of Jamaica (excluding statutory cash reserves), amounts due from other banks, investment securities and amounts due to other banks.

(u) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, comparatives have been adjusted or extended to take into account the requirements of IFRS (Note 44).

3. Segmental Financial Information

The Group is organised into three main business segments:

(a) Financial Services - This incorporates retail and corporate banking services.

(b) Investment Management Services – This includes investments and pension fund management and the administration of trust accounts.

(c) Insurance Services - This incorporates the provision of life insurance.

(d) Other operations of the Group comprise general insurance brokerage and property rental.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located solely in Jamaica.

	2003					
	Financial Services	Investment Management Services	Insurance Services	Other	Consolidation Adjustments	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	11,379,402	408,740	2,577,763	94,643		14,460,548
Revenue from other segments	8,382	6,477	-	-	(14,859)	-
	11,387,784	415,217	2,577,753	94,643	(14,859)	14,460,548
Operating expenses	(5,279,854)	(119,164)	(1,697,524)	(71,462)	14,859	(7,153,145)
Profit before tax	6,107,930	296,053	880,239	23,181	-	7,307,403
Income tax expense						(1,850,733)
Net profit						5,456,670
Segment assets	120,267,802	21,658,832	13,562,249	251,522	(7,605,518)	148,154,887
Segment liabilities	105,371,917	20,818,889	11,567,739	145,194	(7,405,228)	130,498,511
Other segment items						
Capital expenditure	479,482	2,835	8,524	1,534	-	492,375
Depreciation	268,808	2,088	2,744	3,120	-	276,760

NOTES TO THE FINANCIAL STATEMENTS
31 October 2003

3. Segmental Financial Information (Continued)

	2002					
	Financial Services	Investment Management Services	Insurance Services	Other	Consolidation Adjustments	Group
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	8,797,855	281,539	1,459,873	72,314	-	10,611,581
Revenue from external segments	20,043	6,230	-	-	(26,273)	-
	8,817,898	287,769	1,459,873	72,314	(26,273)	10,611,581
Operating expenses	(4,070,404)	(98,329)	(1,107,312)	(53,074)	26,273	(5,302,846)
Profit before tax	4,747,494	189,440	352,561	19,240	-	5,308,735
Income tax expense						(1,438,953)
Net profit						3,869,782
Segment assets	108,994,653	18,839,031	9,489,394	215,648	(10,171,293)	127,367,433
Segment liabilities	96,565,819	18,207,336	8,369,738	127,645	(9,968,783)	113,301,657
Other segment items:						
Capital expenditure	301,290	253	2,328	1,623	-	305,494
Depreciation	235,900	1,810	1,780	2,209	-	241,699

4. Net Foreign Exchange Trading Income

Foreign exchange net trading income includes gains and losses arising from foreign currency trading activities.

5. Net Fee and Commission Income

	The Group		The Bank	
	2003 $'000	**2002 $'000**	**2003 $'000**	**2002 $'000**
Fee and commission income -				
Retail banking fees	528,593	436,696	528,593	436,696
Credit related fees	397,495	381,040	395,974	378,210
Commercial and depository fees	842,159	709,585	648,777	579,300
	1,768,247	1,527,321	1,573,344	1,394,206
Fee and commission expenses	(305,474)	(203,141)	(290,006)	(195,129)
	1,462,773	1,324,180	1,283,338	1,199,077

6. Salaries, Pension Contributions and Other Staff Benefits

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Wages and salaries	2,812,994	2,292,818	2,559,068	2,073,425
Payroll taxes	226,076	214,475	207,133	196,434
Pension costs (Note 23)	(157,042)	(528,365)	(157,042)	(528,365)
Other post retirement benefits (Note 23)	55,583	32,040	55,583	32,040
Other staff benefits	598,879	613,185	565,562	582,450
	3,536,490	2,624,153	3,230,304	2,355,984

The number of persons employed during the year:

	The Group		The Bank	
	2003 No.	2002 No	2003 No	2003 No.
Full - time	1,224	1,226	1,084	1,087
Part - time	627	579	617	565
	1,851	1,805	1,701	1,652

7. Change in Policyholders' Reserve

(a) Reserve for future benefits

	The Group	
	2003 $'000	2002 $'000
Composition by line of business		
Ordinary life	11,436,851	8,318,303
Creditor life	37,732	15,160
	11,474,583	8,333,463

(b) Change in policyholders' reserves

	The Group	
	2003 $'000	2002 $'000
Policyholders' benefits payments	11,056	3,025
Interest expense	1,530,314	1,013,008
Transfer from actuarial reserves	(99,819)	(117,440)
	1,441,550	898,593

8. Profit before Taxation

In arriving at the profit before taxation, the following have been charged

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Directors' emoluments -				
Fees	7,561	5,095	3,300	3,771
Other	35,206	20,338	29,215	20,338
Auditors' remuneration -				
Current year	11,440	9,414	8,152	5,722
Prior year	-	31	-	-
Depreciation	276,760	241,699	266,780	233,184

9. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year as adjusted for tax purposes. The charge for taxation comprises:

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current income tax -				
Income tax at 33 1/3%	1,574,815	1,166,885	1,493,119	1,107,410
Income tax at 30%	111,563	62,784	-	-
Premium income tax at 1 5%	31,987	28,144	-	-
Investment income tax at 7 5%	56,611	20,332	-	-
Adjustment for under / (over) provision of prior year's charge	1,686	(8,731)	1,268	(34,648)
Deferred income tax (Note 22)	74,071	169,539	82,265	173,821
	1,850,733	1,438,953	1,576,652	1,246,583

9. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Profit before taxation	7,307,403	5,308,735	5,695,656	4,481,711
Tax calculated at 33 1/3%	2,435,801	1,769,678	1,898,552	1,493,904
Effect of different tax regime applicable to life insurance and mortgage financing subsidiaries	(218,783)	(77,753)	-	-
Income not subject to tax – tax free investments	(337,339)	(215,479)	(309,661)	(205,991)
Expenses not deductible for tax purposes	12,921	15,159	1,214	4,296
Net effect of other charges and allowances	(41,867)	(52,652)	(13,453)	(45,626)
Income tax expense	1,850,733	1,438,953	1,576,652	1,246,583

10. Net Profit and Unappropriated Profits Attributable to Stockholders

	2003 $'000	2002 $'000
(a) The net profit is dealt with as follows in the financial statements of:		
The Bank	4,119,004	3,235,128
The Subsidiaries	1,337,666	634,654
	5,456,670	3,869,782
(b) The unappropriated profits are dealt with as follows in the financial statements of:		
The Bank	3,112,971	2,405,295
The Subsidiaries	3,467,236	1,860,569
	6,580,207	4,265,864

11. Earnings per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	2003	2002
Net profit attributable to stockholders ($'000)	5,456,670	3,869,782
Weighted average number of ordinary stock units in issue ('000)	1,463,616	1,463,616
Basic earnings per stock unit	$3.73	$2.64

12. Cash and Balances at Bank of Jamaica

(a) Statutory reserves

Cash includes $7,141,147,000 (2002: $6,442,033,000) for the Group and $7,108,187,000 (2002: $6,337,782,000) for the Bank, which is held under Section 14 (i) of the Banking Act, 1992, substantially on a non-interest-bearing basis at the regulators, the Bank of Jamaica, as a cash reserve; accordingly, it is not available for investment or other use by the Group and the Bank. This represents 9% (9% - 2002) of the Bank's prescribed liabilities.

(b) Special reserves

Effective 15 January 2003, the Bank is required by the Bank of Jamaica (BOJ) under Section 28A of the Bank of Jamaica Act, to maintain with the BOJ, a special deposit wholly in the form of cash, representing 5% of the prescribed liabilities of $2,472,150,000 at 31 October 2003. Interest at a rate of 6% per annum is earned on this reserve.

13. Amounts due from Other Banks

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Items in course of collection from other banks	700,652	3,788,515	700,652	3,788,515
Placements with other banks	14,222,543	11,114,453	14,196,889	11,093,918
	14,923,195	14,902,968	14,897,541	14,882,433
Loans and advances to other banks	319,000	-	319,000	-
	15,242,195	14,902,968	15,216,541	14,882,433

14. Accounts with Parent and Fellow Subsidiaries

These represent intercompany accounts held with the parent company and fellow subsidiaries in the normal course of business.

15. Cash and Cash Equivalents

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Cash and balances with Bank of Jamaica	16,623,234	16,982,874	16,589,965	16,898,004
Less: statutory reserves (Note 12)	(9,613,297)	(6,442,033)	(9,580,337)	(6,337,782)
	7,009,937	10,540,841	7,009,628	10,560,222
Government and bank notes other than Jamaica	252,824	173,046	252,824	173,046
Treasury bills	485,735	302,287	485,735	302,287
Amounts due from other banks	15,242,195	14,902,968	15,216,541	14,882,433
Accounts with parent and fellow subsidiaries	3,224,980	286,435	3,224,980	286,434
Cheques and other instruments in transit	(2,674,641)	(2,333,552)	(2,674,641)	(2,285,676)
	23,541,030	23,872,025	23,515,067	23,918,746

16. Investment Securities

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Available-for-sale :				
Government of Jamaica	4,738,117	2,379,409	2,966,985	2,137,192
Other foreign government	476,870	302,287	476,870	302,287
Other	5,155	5,155	5,155	5,155
Government of Jamaica	5,220,142	2,686,851	3,449,010	2,444,634
Originated debt :				
Government of Jamaica	25,910,118	24,626,934	17,713,539	17,854,373
Other	135	135	-	-
	25,910,253	24,627,069	17,713,539	17,854,373
	31,130,395	27,313,920	21,162,549	20,299,007

The Bank of Jamaica holds as security, Government of Jamaica Local Registered Stocks valued at $908,000,000 (2002 - $456,000,000) for the Group and $880,000,000 (2002: $428,000,000) for the Bank against possible shortfalls in the operating account.

16. Investment Securities (Continued)

Gross gains realised on sales or maturities of available-for-sale investment securities were as follows:

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Gross gains	561	714	10,416	1,345

17. Government Securities Purchased under Resale Agreements

The Group and the Bank enter into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations.

18. Loans, after Allowance for Impairment Losses

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Business and Government	33,044,599	27,579,309	33,030,020	27,503,362
Personal and credit cards	12,908,470	10,260,963	12,908,470	10,260,963
Residential mortgages	2,754,850	2,219,102	-	-
	48,707,919	40,059,374	45,938,490	37,764,325
Less: allowance for impairment losses (Note 19)	(655,350)	(680,955)	(612,525)	(646,055)
	48,052,569	39,378,419	45,325,965	37,118,270

19. Impairment Losses for Loans

Allowance for impairment losses

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Total Non-performing Loans	963,695	906,857	892,846	812,566
Provision at beginning of year	680,955	730,929	646,055	674,968
Charged against revenue during the year	86,525	97,798	76,987	98,549
Bad debts written off	(221,183)	(257,390)	(217,478)	(254,237)
Transfer of loans	-	-	-	20,052
Recoveries of bad debts	109,053	109,618	106,961	106,723
At end of year	655,350	680,955	612,525	646,055
These comprise:				
Specific provisions	357,448	437,450	319,934	407,010
General provisions	297,902	243,505	292,591	239,045
	655,350	680,955	612,525	646,055

A loan is classified as impaired if its book value exceeds the present value of the cash flows actually expected in future periods – interest payments, principal repayments as well as liquidation of collateral. Provisions for credit losses are made on all impaired loans. Uncollected interest not accrued in these financial statements on impaired loans was estimated at $67,009,000 as at 31 October 2003 (2002 - $62,818,000) for The Bank and $73,551,000 as at 31 October (2002 - $68,792,000) for the Group.

The Bank's loan loss provisioning requirements amounted to $1,377,817,000 (2002 - $1,411,347,000). This includes the amounts required to meet the Bank of Jamaica loan loss provisioning requirement. The provisions shown in the table above represent provisions based on IAS 39 (Financial Instruments) requirements. A non-distributable loan loss reserve was established to represent the excess of the Bank's provision and the IAS 39 requirements.

20. Lease Receivables

	The Group	
	2003 $'000	2002 $'000
Gross investment in finance leases		
Not later than one year	20,068	38,468
Later than one year and not later than five years	5,595	14,748
	25,663	53,216
Less: Unearned income	3,518	11,120
Net investment in finance leases	22,145	42,096
Net investment in finance leases may be classified as follows:		
Not later than one year	16,316	32,818
Later than one year and not later than five years	5,829	9,278
	22,145	42,096

The provision for uncollectible finance lease receivables amounted to $49,000 as at 31 October 2003 (2002 - $20,599,000).

21. Property, Plant and Equipment

	Note	Freehold Land and Buildings	Leasehold Improvements	Furniture, Fixtures, Motor Vehicles & Equipment	Capital Work-In-Progress	Total
		The Group				
		$'000	$'000	$'000	$'000	$'000
At Cost -						
1 November 2002 as previously reported		1,627,004	86,476	1,706,302	47,855	3,467,637
Effects of adopting IAS 16	44	(499,522)	-	-	-	(499,522)
As restated		1,127,482	86,476	1,706,302	47,855	2,968,115
Additions		27,589	2,644	148,886	313,256	492,375
Disposals		(4,173)	-	(4,743)	-	(8,916)
Transfers		32,970	5,905	160,066	(198,941)	-
Write-offs		-	-	-	(14,044)	(14,044)
31 October 2003		1,183,868	95,025	2,010,511	148,126	3,437,530
Depreciation -						
1 November 2002 as previously reported		192,618	49,822	1,000,204	-	1,242,644
Effects of adopting IAS 16	44	(71,820)	-	-	-	(71,820)
As restated		120,798	49,822	1,000,204	-	1,170,824
Charge for the year		25,000	8,429	243,331		276,760
On disposals		-	-	(3,655)	-	(3,655)
31 October 2003		145,798	58,251	1,239,880	-	1,443,929
Net Book Value -						
31 October 2003		1,038,070	36,774	770,631	148,126	1,993,601
31 October 2002		1,006,684	36,654	706,098	47,855	1,797,291

21. Property, Plant and Equipment (Continued)

		The Bank				
	Note	Freehold Land and Buildings	Leasehold Improvements	Furniture, Fixtures, Motor Vehicles & Equipment	Capital Work-In-Progress	Total
		$'000	$'000	$'000	$'000	$'000
At Cost -						
1 November 2002 as previously reported		1,550,1'1	86,091	1,651,022	47,046	3,334,270
Effects of adopting IAS 16	44	(475 312)	-	-	-	(475,312)
As restated		1,074,799	86,091	1,651,022	47,046	2,858,958
Additions		27,307	2,644	132,492	313,256	475,699
Disposals		(4,173)	-	(4,237)	-	(8,410)
Transfers		32,970	5,905	160,066	(198,941)	-
Write-offs		-	-	-	(14,044)	(14,044)
31 October 2003		1,130 903	94,640	1 939,343	147,317	3,312,203
Depreciation -						
1 November 2002 as previously reported		178,500	49,588	963,937	-	1,192,025
Effects of adopting IAS 16	44	(66,456)	-	-	-	(66,456)
As restated		112,044	49,588	963,937	-	1,125,569
Charge for the year		23,756	8,429	234,595	-	266,780
On disposals		-	-	(3,367)	-	(3,367)
31 October 2003		135,800	58,017	1 195,165	-	1,388,982
Net Book Value -						
31 October 2003		995,103	36,623	744,178	147,317	1,923,221
31 October 2002		962,755	36,503	687,085	47,046	1,733,389

22. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of:

- 30% for The Scotia Jamaica Building Society;
- 7.5% for Scotia Jamaica Life Insurance Company Limited and
- 33 1/3% for the Bank and all other subsidiaries.

The movement on the deferred tax income tax account is as follows:

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Balance as at 1 November	(952,488)	(786,994)	(942,940)	(773,262)
Charged to statement of revenue and expenses	(74,071)	(169,539)	(82,265)	(173,821)
Available-for-sale investments				
- fair value re-measurement	35,171	3,847	34,598	3,695
- transfer to net profit	187	238	3,472	448
Other differences	(2,851)	-	(2,545)	-
Balance as at 31 October	(994,052)	(952,448)	(989,680)	(942,940)

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Deferred income tax assets				
Pensions and other post retirement benefits	75,849	63,411	75,849	63,411
Impairment losses on loans	9,031	6,015	-	-
Available-for-sale investments	31,324	-	27,259	-
	116,204	69,426	103,108	63,411
Deferred income tax liabilities				
Pensions and other post retirement benefits	992,078	916,399	992,078	916,399
Accelerated tax depreciation	76,285	62,765	73,244	60,068
Available-for-sale investments	6,913	10,947	-	10,810
Allowance for loan impairment	28,697	25,689	27,466	19,074
Other temporary differences	6,283	6,074	-	-
	1,110,256	1,021,874	1,092,788	1,006,351

22. Deferred Income Taxes (Continued)

The deferred tax charge in the statement of revenue and expenses comprises the following temporary differences:

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Accelerated tax depreciation	13,519	(4,007)	13,176	(5,432)
Pensions and other post - retirement benefits	60,696	188,517	60,696	188,517
Allowance for loan impairment	(144)	(17,118)	8,393	(9,264)
Other temporary differences	-	2,147	-	-
	74,071	169,539	82,265	173,821

Deferred income tax liabilities have not been established for the withholding tax and other taxes that would be payable on the unappropriated profits of subsidiaries, as such amounts are permanently reinvested; such unappropriated profits totalled $3,467,236,000 at 31 October 2003 (2002 - $1,860,569,000).

23. Retirement Benefit Asset

Amounts recognised in the balance sheet:

	The Group and The Bank	
	2003 $'000	2002 $'000
Pension scheme	2,977,805	2,749,198
Other post retirement benefits	(235,183)	(190,232)
	2,742,622	2,558,966

(a) Pension Scheme

The Group has established a pension scheme covering all permanent employees. The pension scheme is a final salary (the average of the best three consecutive years remuneration, with no salary cap) defined benefit plan and is fully funded. The assets of the plan are held independently of the Group's assets in a separate trustee fund. The scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 July 2003.

23. Retirement Benefit Asset (Continued)

(a) Pension Scheme (Continued)

The amounts recognised in the balance sheet are determined as follows:

	The Group and The Bank	
	2003 $'000	2002 $'000
Present value of funded obligations	2,415,022	2,617,040
Fair value of plan assets	(9,529,737)	(8,198,615)
Unrecognised actuarial losses	1,541,925	533,290
	(5,572,790)	(5,048,285)
Limitation on recognition of surplus due to uncertainty of obtaining future benefits	2,594,985	2,299,087
Asset in the balance sheet	(2,977,805)	(2,749,198)

Pension plan assets include the Bank's ordinary stock units with a fair value of $734,391,000 (2002 - $630,790,000).

The amounts recognised in the statement of revenue and expenses are as follows:

	The Group and The Bank	
	2003 $'000	2002 $'000
Current service cost, net of employee contributions	(5,150)	21,273
Interest cost	336,100	279,681
Expected return on plan assets	(783,890)	(649,323)
Losses / (gains) on curtailment	295,898	(179,996)
Included in staff costs	(157,042)	(528,365)

The actual return on plan assets was $1,225,400,000 (2002: $1,323,256,000).

23. Retirement Benefit Asset (Continued)

(a) Pension Scheme (Continued)

Movement in the asset recognised in the balance sheet:

	The Group and The Bank	
	2003 $'000	2002 $'000
At 1 November	(2,749,198)	(2,159,108)
Total income	(157,042)	(528,365)
Contributions paid	(71,565)	(61,725)
At 31 October	(2,977,805)	(2,749,198)

The principal actuarial assumptions used were as follows:

	The Group and The Bank	
	2003	2002
Discount rate	16.0%	12.5%
Expected return on plan assets	10.5%	9.5%
Future salaries increases	9.5%	8.0%
Future pension increases	6.5%	3.5%

23. Retirement Benefit Asset (Continued)

(b) Other Post-Retirement Benefits

In additon to pension benefits the Bank offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension scheme.

In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 10% per year (2002 – 8.5%).

The amounts recognised in the balance sheet are as follows:

	The Group and The Bank	
	2003 $'000	2002 $'000
Present value of unfunded obligations	146,806	182,142
Unrecognised actuarial losses	88,377	8,090
Liability in the balance sheet	235,183	190,232

The amounts recognised in the statement of revenue and expenses are as follows:

	The Group and The Bank	
	2003 $'000	2002 $'000
Current service cost	18,999	10,486
Interest cost	36,584	21,554
Total included in staff costs	55,583	32,040

Movements in the amounts recognised in the balance sheet:

Liability at beginning of year	190,232	165,692
Total expense, as above	55,583	32,040
Contributions paid	(10,632)	(7,500)
Liability at end of year	235,183	190,232

24. Other Assets

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Accounts receivable and prepayments	109,288	48,532	64,628	8,621
Withholding tax recoverable	877,910	482,931	428,090	292,915
Interest receivable	4,629,846	3,567,614	2,010,337	2,460,143
Other	931,735	63,777	969,866	62,262
	6,548,779	4,162,854	3,472,921	2,823,941

25. Deposits by the Public

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Personal	51,899,402	47,966,199	48,623,416	43,521,813
Other	35,167,930	28,981,409	35,167,931	28,981,408
	87,067,332	76,947,608	83,791,347	72,503,221

26. Amounts due to Other Banks and Financial Institutions

These represent deposits from other banks and financial institutions in the normal course of business.

27. Amounts due to Subsidiaries

These represent accounts held by subsidiaries in the normal course of business.

28. Due to Parent Company

	The Group and The Bank	
	2003	2002
	$'000	$'000
Facility I	605,572	621,494
Facility II	2,109,955	1,234,420
	2,715,527	1,855,914

(i) Facility I is a US$ denominated ten year non-revolving term loan from the parent company, for on-lending. The principal is repayable in ten installments which commenced 31 December 1998. Interest on the loan is at 30 day LIBOR + 1%.

(ii) Facility II is a US$ denominated fifteen (15) year non-revolving loan from the parent company, for on-lending. The repayment of the principal commenced 31 December 2002 and is subject to an interest rate of LIBOR + 1%. To date, The Bank has drawn down US$35 million of this facility.

29. Other Liabilities

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Interest payable	1,605,770	765,267	233,926	290,987
Provisions (Note 30)	103,245	39,983	100,565	35,673
Withholding tax payable	270,454	244,412	208,216	171,842
Accrued liabilities	466,548	359,433	364,606	340,201
Prepaid letters of credit	179,341	126,485	179,341	126,485
Other	154,132	2,229,679	111,419	2,143,650
	2,779,490	3,765,259	1,198,075	3,108,838

30. Provisions

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
At beginning of year	39,983	38,790	35,673	34,609
Provided during the year	270,229	121,406	264,315	110,733
Utilised during the year	(206,967)	(120,213)	(199,423)	(109,669)
At end of year	103,245	39,983	100,565	35,673
Comprising:				
Provision for 2002	-	39,983	-	35,673
Provision for 2003	103,245	-	100,565	-
	103,245	39,983	100,565	35,673

The above provisions represent accrued vacation and redundancy.

31. Share Capital

	Number of Units	Total
	'000	$'000
At 31 October 2002	1,463,616	1,463,616
At 31 October 2003	1,463,616	1,463,616

The total authorised number of ordinary shares at year end was 1,500 million shares (2002: 1,500 million shares) with a par value of $1 per share (2002: $1 per share). All issued shares are fully paid.

32. Reserve Fund

As required by the relevant Acts, the Group makes transfers of a minimum of 15% or 10% of net profit, depending on the circumstances, to the reserve fund. All members of the Group have attained the required statutory levels.

During the year, one of the Bank's subsidiaries relinquished its licence under the Financial Institution Act to the Bank of Jamaica. Accordingly, the amount in the reserve fund has been transferred to unappropriated profits.

33. Retained Earnings Reserve

Transfers to the retained earnings reserve are made at the discretion of the Board, such transfers must be notified to the Bank of Jamaica. Any re-transfer must be approved by the Bank of Jamaica.

34. Cumulative Remeasurement Result from Available-For-Sale Financial Assets

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investments.

35. Loan Loss Reserve

This is a non-distributable loan loss reserve which represents the excess of the loan loss provision over IAS 39 requirements.

36. Other Reserves

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Opening and closing balance:				
Capital reserve arising on consolidation, net	67	67	-	-
Reserves of subsidiary capitalised through bonus issue of shares	16,548	16,548	-	-
General reserve	10,099	10,099	-	-
	26,714	26,714	-	-

37. Financial Risk Management

(a) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(ii) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(iii) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(iv) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and

(v) the fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

The following tables present the fair value of financial instruments based on the above-mentioned valuation methods and assumptions. The following financial assets and financial liabilities are not carried at fair value.

37. Financial Risk Management (Continued)

(a) Fair value

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2003 $'000	2003 $'000	2002 $'000	2002 $'000
Financial Assets				
Investment securities – originated debts	25,910,253	25,604,898	24,627,069	24,664,657
Financial Liabilities				
Deposits by the public	91,314,603	91,320,449	80,136,990	80,120,885

	The Bank			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2003 $'000	2003 $'000	2002 $'000	2002 $'000
Financial Assets				
Investment securities – originated debts	17,713,539	17,539,640	17,854,373	17,888,446
Investment in subsidiaries	258,238	40,883,778	264,238	34,793,576
Financial Liabilities				
Deposits by the public	88,080,060	88,101,209	75,712,691	72,711,887

(b) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows The following tables summarise carrying amounts of balance sheet assets, liabilities and equity in order to arrive at the Group's and the Bank's interest rate gap based on earlier of contractual repricing or maturity dates.

37. Financial Risk Management (Continued)

(b) Interest rate risk (Continued)

	The Group						
	2003						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non rate sensitive $'000	Total $'000
Cash resources	5,311,698	17,926,140	4,643,675	-	-	7,559,720	35,343,233
Investment securities							
Available for-sale	-	234,604	953,477	4,026,911		5,155	5,220,147
- Originated debts	1,847	11,856,046	9,105,135	4,843,215	103,872	135	25,910,253
Securities purchased							
under resale agreements	109,031	4,561,745	12,579,253	-	-	-	17,249,029
Loans [1]	11,164,447	20,160,922	3,299,468	10,539,078	2,582,164	306,470	48,052,569
Lease receivables [2]	22,145	-	-	-	-	-	22,145
Other assets	-	-	-	-	-	16,357,516	16,357,516
Total assets	16,608,168	54,641,457	30,681,006	19,409,204	2,686,056	24,228,996	148,154,887
Deposits	71,942,791	12,369,196	2,699,533	3,316,148	986,935	-	91,314,603
Securities sold under							
repurchase agreements	123,734	6,817,756	8,351,506				15,292,996
Other liabilities	-	-	-	-	-	12,416,329	12,416,329
Policyholders' fund	4,960,566	962,629	6,101,373	-	-	(549,985)	11,474,583
Shareholders' equity	-	-	-	-	-	17,656,376	17,656,376
Total liabilities and shareholders'							
equity	77,027,091	20,149,581	17,152,412	3,316,148	986,935	29,522,720	148,154,887
Total interest rate							
sensitivity gap	(60,418,923)	34,491,876	13,428,594	16,093,056	1,699,121	(5,293,724)	-
Cumulative gap	(60,418,923)	(25,927,047)	(12,498,453)	3,594,603	5,293,724	-	-
	2002						
Total interest rate							
sensitivity gap	(43,427,218)	34,007,279	6,264,015	15,060,804	1,330,718	(13,235,598)	-
Cumulative gap	(43,427,218)	(9,419,939)	(3,155,924)	11,904,880	13,235,598	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 October 2003

37. Financial Risk Management (Continued)

(b) Interest rate risk (Continued)

The Bank

	Immediately rate sensitive [1]	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non rate sensitive	Total
	2003						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	6,311,232	17,820,565	4,625,597	-	-	7,526,916	36,284,310
Investment securities [2]							
- Available-for-sale	-	173,929	365,365	2,884,561	-	5,155 [2]	3,449,010
- Originated debts	-	9,554,914	6,126,302	2,026,181	6,142	-	17,713,539
Investment in subsidiaries	-	-	-	-		256,238	256,238
Securities purchased							
under resale agreements	-	42,466	-	-		-	42,466
Loans [3]	11,145,998	17,993,867	3,259,613	10,477,075	2,169,800	279,612	45,325,965
Other assets [4]	-	-	-	-		12,815,213	12,815,213
Total assets	16,457,230	45,585,741	14,396,877	15,387,817	2,175,942	20,885,134	114,888,741
Deposits	71,207,178	10,347,745	2,312,528	3,297,620	914,989	-	88,080,060
Securities sold under							
repurchase agreements	-	2,921,373	179,372	-	-	-	3,100,745
Other liabilities	-	-	-	-	-	10,292,571	10,292,571
Shareholders' equity	-	-	-	-	-	13,415,365	13,415,365
Total liabilities and							
shareholders' equity	71,207,178	13,269,118	2,491,900	3,297,620	914,989	23,707,936	114,888,741
Total interest rate							
sensitivity gap	(54,749,948)	32,316,623	11,904,977	12,090,197	1,260,953	(2,822,802)	-
Cumulative gap	(54,749,948)	(22,433,325)	(10,528,348)	1,561,849	2,822,802	-	-
	2002						
Total interest rate							
sensitivity gap	(39,546,475)	30,442,211	6,568,345	13,000,261	859,343	(11,323,665)	-
Cumulative gap	(39,546,475)	(9,104,264)	(2,535,919)	10,464,342	11,323,685	-	-

(1) This represents those financial instruments whose interest rates change concurrently with a change in the underlying interest rate basis, for example, base rate loans.

(2) This includes financial instruments such as equity investments.

(3) This includes impaired loans.

(4) This includes non-financial instruments.

37. Financial Risk Management (Continued)

(b) Interest rate risk (Continued)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group					
	2003					
	Immediately rate sensitive	Within 3 Months	3 to12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Cash resources [4]	0.02	10.96	28.17	-	-	9.23
Investment securities [1]						
Available-for-sale	-	16.95	21.62	16.50	-	17.44
Originated debts	25.02	28.31	22.78	14.07	17.07	23.66
Securities purchased under resale agreements	22.27	23.75	30.93	-	-	28.98
Loans [2]	22.70	29.68	25.89	22.32	10.99	25.07
Lease receivables	27.32	-	-	-	-	27.32
Deposits [3]	6.69	10.46	11.18	9.03	9.63	7.45
Securities sold under repurchase agreements [2]	18.88	21.86	30.19	-	-	26.38
Policyholders' reserve	18.81	14.00	20.49	-	-	20.20

	The Bank					
	%	%	%	%	%	%
Cash resources [4]	0.02	10.96	28.28	-	-	9.25
Investment securities [1]						
Available-for-sale	-	12.71	4.25	11.54	-	10.77
Originated debts	-	28.00	22.36	1.24	18.00	22.98
Securities purchased under resale agreements	-	21.09	-	-	-	21.09
Loans [2]	22.72	31.09	26.03	22.38	10.87	25.58
Deposits [3]	6.64	10.09	10.29	9.03	9.69	7.26
Securities sold under repurchase agreements [2]	-	21.51	36.00	-	-	22.35

37. Financial Risk Management (Continued)

(b) Interest rate risk (Continued)

	The Group					
	2002					
	Immediately rate sensitive	Within 3 Months	3 to12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Cash resources [4]	1.65	11.42	6.48	-	-	6.27
Investment securities [1]						
Available-for-sale	-	9.52	12.89	-	-	11.16
Originated debts	19.88	17.93	17.12	14.12	13.76	15.96
Securities purchased under resale agreements	19.15	17 72	16.67	17.56	14 25	17 45
Loans [2]	17.41	19 23	19.73	19.86	11.0	18.57
Lease receivables	24.27	-	-	-	-	24.27
Deposits [3]	6.39	8.58	7.71	7.82	7.33	5.97
Securities sold under repurchase agreements [2]	18.63	17.06	16.20	-	-	16.95
Policyholders' reserve	13.0	14.87	14.03	-	-	14.47

	The Bank					
	%	%	%	%	%	%
Cash resources [4]	1.65	11.44	6.48	-	-	6.29
Investment securities [1]						
Available-for-sale	-	9 48	11.82	-	-	10 51
Originated debts	-	18 54	17.02	13.15	5 50	15.51
Securities purchased under resale agreements	19.50	18.50	-	-	-	18.53
Loans [2]	17.37	19.32	19.85	19.95	10.77	18.63
Deposits [3]	6.31	7.34	6.63	7.82	7.33	5.64
Securities sold under repurchase agreements [2]	19.90	17.61	18.65	-	-	17.78

Average effective yields by the earlier of the contractual repricing or maturity dates:

(1) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax-exempt investments have not been computed on a taxable equivalent basis.

(2) Yields are based on book values, net of allowance for credit losses and contractual interest rates.

(3) Yields are based on contractual interest rates.

(4) The calculation of the average yields includes statutory reserves at Bank of Jamaica at 0%.

37. Financial Risk Management (Continued)

(c) Credit exposure

The Group and the Bank take on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is inherent in traditional banking products – loans, commitments to lend, and contracts to support counterparties' obligations to third parties such as letters of credit. Positions in tradeable assets such as bonds also carry credit risk.

The Group and the Bank structure the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved quarterly by the management.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. Other than exposure on Government of Jamaica securities, there is no significant concentration of liquid funds.

The following tables summarise the credit exposure of the Group and the Bank to individuals, businesses and government by sector:

	The Group			
	Loans and Leases	Acceptances, Guarantees and Letters of Credit	Total	Total
			2003	2002
	$'000	$'000	$'000	$'000
Agriculture, fishing and mining	1,403,465	212,156	1,615,621	1,421,125
Construction and real estate	2,230,935	134,083	2,365,018	1,241,835
Distribution	2,567,172	685,990	3,253,162	2,177,935
Financial institutions	96,146	87,735	183,881	185,541
Government and public entities	18,286,115	2,581,065	20,867,180	21,374,789
Manufacturing	1,621,423	95,205	1,716,628	1,504,950
Personal	15,614,063	792,861	16,406,924	12,964,663
Professional and other services	1,626,724	79,306	1,706,030	1,402,839
Tourism and entertainment	5,284,021	52,726	5,336,747	3,216,036
Total	48,730,064	4,721,127	53,451,191	45,489,713
General provision			(297,902)	(243,505)
			55,153,289	45,246,208

37. Financial Risk Management (Continued)

(c) Credit exposure (Continued)

	The Bank			
	Loans and Leases	Acceptances, Guarantees and Letters of Credit	Total	Total
			2003	2002
	$'000	$'000	$'000	$'000
Agriculture, fishing and mining	1,403,465	212,156	1,615,621	1,421,125
Construction and real estate	2,213,405	134,083	2,347,488	1,250,197
Distribution	2,565,065	685,990	3,251,055	2,157,363
Financial institutions	113,574	87,735	201,309	185,541
Government and public entities	18,282,065	2,581,066	20,863,131	21,354,253
Manufacturing and other activities	1,613,795	95,205	1,709,000	1,586,087
Personal	12,863,263	409,892	13,273,155	10,362,115
Professional and other services	1,599,837	79,305	1,679,142	1,214,036
Tourism and entertainment	5,284,021	52,726	5,336,747	3,216,036
Total	45,938,490	4,338,158	50,276,648	42,746,753
General provision			(292,591)	(239,045)
			49,984,057	42,507,708

(d) Currency risk

The Group and the Bank take on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The main currencies giving rise to this risk are the United States dollar, Canadian dollar and the British pound.

The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible.

The following were the foreign currency spot positions as at 31 October 2003.

	The Group	The Bank
	2003	2003
	$'000	$'000
United States dollar	2,863	1,977
Canadian dollar	878	878
Pound Sterling	67	41

37. Financial Risk Management (Continued)

(e) Liquidity risk

The Group and the Bank are exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs and guarantees. The group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The tables below analyse assets and liabilities of the Group and the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group and the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and the Bank and its exposure to changes in interest rates and exchange rates.

37. Financial Risk Management (Continued)

(e) Liquidity risk (Continued)

	The Group					
	2003					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No specific maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	30,699,557	4,643,675	-	-	-	35,343,233
Investments securities						
Available-for-sale	173,929	953,472	4,087,566	-	5,155	5,220,142
Originated debts	2,444,486	9,207,363	13,554,397	703,872	136	25,910,253
Securities purchased under resale agreements	4,669,776	12,579,253	-	-	-	17,249,029
Loans	11,688,391	8,237,318	23,207,423	4,919,437	-	48,052,569
Lease receivables	5,990	11,904	4,251	-	-	22,145
Other assets	4,840,418	3,167,844	3,007,208	222,345	5,119,701	16,357,516
Total assets	54,522,547	38,800,830	43,860,865	5,845,654	5,124,991	148,154,887
Deposits	81,644,618	2,870,438	5,529,380	1,270,167		91,314,603
Securities sold under repurchase agreements	6,941,490	8,351,506	-	-	-	15,292,996
Other liabilities	5,729,948	2,520,086	2,634,510	218,743	1,313,042	12,416,329
Policyholders' reserve	-	11,474,583	-	-	-	11,474,583
Shareholders' equity	-	-	-	-	17,656,376	17,656,376
Total liabilities and shareholders' equity	84,316,056	25,216,613	8,163,890	1,488,910	18,969,418	148,154,887
Total liquidity gap	(39,793,509)	13,584,217	35,696,975	4,356,744	(13,844,427)	-
Cumulative gap	(39,793,509)	(26,209,292)	9,487,683	13,844,427	-	-
	2002					
Total liquidity gap	(31,434,824)	8,927,762	29,985,283	3,315,378	(10,793,599)	-
Cumulative gap	(31,434,824)	(22,507,062)	7,478,221	10,793,599	-	-

37. Financial Risk Management (Continued)

(e) Liquidity risk (Continued)

	The Bank					
	2003					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No specific maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	30,658,713	4,625,597	-	-	-	35,284,310
Investment securities -						
Available-for-sale	173,929	385,365	2,884,561	-	5,155	3,449,010
Originated debts	2,351,085	7,312,247	7,444,065	606,142	-	17,713,539
Subsidiary companies	-	-	-	-	258,238	258,238
Securities purchased under resale agreements	42,466	-	-	-	-	42,466
Loans	11,539,358	8,159,595	22,747,042	2,779,970	-	45,375,965
Other assets	3,660,345	1,269,535	2,634,510	218,743	5,032,080	12,815,213
Total assets	48,525,896	21,752,339	35,710,178	3,604,855	5,295,473	114,888,741
Deposits	78,887,578	2,482,863	5,511,397	1,198,222	-	88,080,060
Securities sold under repurchase agreements	2,921,373	179,372	-	-	-	3,100,745
Other liabilities	4,834,768	1,308,943	2,634,510	218,743	1,295,607	10,292,571
Shareholders' equity	-	-	-	-	13,415,365	13,415,365
Total liabilities and shareholders' equity	86,643,719	3,971,178	8,145,907	1,416,965	14,710,972	114,888,741
Total liquidity gap	(38,117,823)	17,781,161	27,564,271	2,187,890	(9,415,499)	-
Cumulative gap	(38,117,823)	(20,336,662)	7,227,609	9,415,499	-	-
	2002					
Total liquidity gap	(32,548,702)	13,514,167	25,444,731	1,314,355	(7,724,551)	-
Cumulative gap	(32,548,702)	(19,034,535)	6,410,196	7,724,551	-	-

37. Financial Risk Management (Continued)

(f) Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Group and the Bank manages its risk through the Assets and Liabilities Committee which carries out extensive research and monitors the price movement of securities on the local and international market.

(g) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Group and the Bank manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

38. Commitments

	The Group		The Bank	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Capital expenditure:				
Authorised and not contracted for	90,000	-	90,000	-

39. Pledged Assets

Assets are pledged as collateral under repurchase agreements with counterparties. In addition, mandatory reserve deposits are also held by the BOJ in accordance with statutory requirements. These deposits are not available to finance the Group's and the Bank's day to day operations.

	The Group			
	Asset		Related Liability	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Statutory reserves at Bank of Jamaica (Note 12)	9,613,297	6,442,033	-	-
Securities sold under repurchase agreements	3,637,000	4,700,000	3,100,746	3,720,601
Investment securities (Note 16)	908,000	456,000	-	-
	14,158,297	11,598,033	3,100,746	3,720,601

	The Bank			
	Asset		Related Liability	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Statutory reserves at Bank of Jamaica (Note 12)	9,580,337	6,337,782	-	-
Securities sold under repurchase agreements	3,637,000	4,700,000	3,100,746	3,720,601
Investment securities (Note 16)	880,000	428,000	-	-
	14,097,337	11,465,782	3,100,746	3,720,601

40. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, the Group had investment custody accounts amounting to approximately $19,927,020,000 (2002 - $18,487,560,000).

41. Related Party Transactions and Balances

The following transactions were carried out with related parties including companies connected by virtue of common directorship and the Bank's parent company.

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Interest earned	282,640	164,995	282,640	164,995
Interest paid	161,185	155,996	160,462	155,089
Other income	32,780	81,904	32,660	81,904
Other fees	97,618	71,058	86,969	53,666

Year-end balances with related parties are as follows:

	The Group		The Bank	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Loans outstanding	5,841,632	3,337,637	5,825,547	3,337,637
Deposits	8,623,527	5,626,182	8,619,662	5,616,686

No provisions have been recognised in respect of loans given to related parties.

Certain loans to related parties are secured by a guarantee from the parent company.

42. Litigation and Contingent Liabilities

(a) The Bank and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonable estimated.

In respect of claims asserted against the Group which, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations.

(b) On 7 April 1999, a writ was filed by National Commercial Bank Jamaica Limited ("NCB") in which they set out a claim for payment of the sum of US$13,286,000 in connection with an alleged undertaking given to NCB by Scotia Jamaica Investment Management Limited (formerly Scotiabank Jamaica Trust and Merchant Bank Limited). Legal opinion has been obtained which states that the Company has a strong defence to the claim. Consequently, no provision has been made for this amount in these financial statements.

43. Dividends Per Share

Interim dividends are not recorded as liabilities until they have been ratified at the quarterly board meeting. At the meeting on 27 November 2003, a dividend in respect of 2003 of $0.78 per share (2002 : actual dividend $0.305 per share) amounting to a total of $1,141,620,000 (2002 - $446,403,000) is to be proposed.

44. Financial Effects of Adopting International Financial Reporting Standards

The Group adopted International Financial Reporting Standards effective 1 November 2002. Prior to that date, the financial statements of the Group and the Bank were prepared in accordance with Jamaican Generally Accepted Accounting Principles (JGAAP). The financial statements for the years ended 31 October 2001 and 31 October 2002 (the immediately preceding comparative period) have been restated to reflect the financial position and results under IFRS. The financial effects of conversion from Jamaican GAAP to IFRS are set out as follows:

(i) Effect on stockholders' equity as at 1 November 2001:

	The Group		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
ASSETS			
Cash resources	26,243,545	-	26,243,545
Investment securities (a)	25,569,583	30,782	25,600,365
Government securities purchased under resale agreements	14,715,189	-	14,715,189
Loans, after allowance for impairment losses (b)	25,253,014	844,574	26,097,588
Lease receivables	58,547	-	58,547
Other assets (c),(d), (e)	8,125,136	1,723,602	9,848,738
Total Assets	99,965,014	2,598,958	102,563,972
LIABILITIES			
Deposits	69,726,680	-	69,726,680
Other liabilities (d), (e), (f), (g)	14,303,410	821,980	15,125,390
Policyholders' fund	5,831,100	-	5,831,100
STOCKHOLDERS' EQUITY (a), (b), (c), (f)	10,103,824	1,776,978	11,880,802
	99,965,014	2,598,958	102,563,972

44. Financial Effects of Adopting International Financial Reporting Standards (Continued)

(ii) Effect on stockholders' equity as at 1 November 2001:

	The Bank		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
ASSETS			
Cash resources	26,143,873	-	26,143,873
Investment securities (a)	19,609,158	41,136	19,650,294
Investments in subsidiaries	264,238	-	264,238
Government securities purchased under resale agreements	3,719,000	-	3,719,000
Loans, after allowance for impairment losses (b)	23,089,328	782,790	23,872,118
Other assets (c),(d), (e)	6,248,492	1,743,050	7,991,542
Total Assets	79,074,089	2,566,976	81,641,065
LIABILITIES			
Deposits	65,911,246	-	65,911,246
Other liabilities (d), (e), (e), (g)	5,258,573	802,729	6,061,302
STOCKHOLDERS' EQUITY (a), (b), (c), (f)	7,904,270	1,764,247	9,668,517
	79,074,089	2,566,976	81,641,065

(iii) Effect on stockholders' equity as at 31 October 2002:

	The Group		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
ASSETS			
Cash resources	32,345,323	-	32,345,323
Securities (a)	27,297,566	16,354	27,313,920
Government securities purchased under resale agreements	14,120,663	-	14,120,663
Loans, after allowance for impairment losses (a)	38,588,078	790,341	39,378,419
Lease receivables	42,096	-	42,096
Other assets (c),(d), (e)	12,014,582	2,152,430	14,167,012
Total Assets	124,408,308	2,959,125	127,367,433
LIABILITIES			
Deposits	80,136,990	-	80,136,990
Other liabilities (d), (e), (f), (g)	24,033,314	797,890	24,831,204
Policyholders' fund	8,333,463	-	8,333,463
STOCKHOLDERS' EQUITY (a), (b), (c), (f)	11,904,541	2,161,235	14,065,776
	124,408,308	2,959,125	127,367,433

44. Financial Effects of Adopting International Financial Reporting Standards (Continued)

(iv) Effect on stockholders' equity as at 31 October 2002 :

	The Bank		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
ASSETS			
Cash resources	32,239,917	-	32,239,917
Investment securities (a)	20 267,347	31,660	20,299 007
Investments in subsidiaries	264,238	-	264,238
Government securities purchased under resale agreements	471,145	-	471 145
Loans, after allowance for impairment losses (b)	36,369,161	749,109	37,118,270
Other assets (c),(d), (e)	10 179,446	2,172,921	12,352,367
Total Assets	99,791,254	2,953,690	102,744,944
LIABILITIES			
Deposits	75,712,691	-	75,712,691
Other liabilities (d), (e), (f), (g)	15,007,787	785,853	15,793,640
STOCKHOLDERS' EQUITY (a), (b), (c), (g)	9,070,776	2,167,837	11,238,613
	99,791,254	2,953,690	102,744,944

44. Financial Effects of Adopting International Financial Reporting Standards (Continued)

(v) Reconciliation of net profit at 31 October 2002

	The Group		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
Net Interest Income and Other Revenue	10,342,105	171,678	10,513,783
Expenses	5,600,569	(395,521)	5,205,048
Profit before Taxation	4,741.536	567.199	5,308 735
Taxation	1,257.660	181,293	1,438.953
Net Profit	3,483 876	385,906	3.869.782

	The Bank		
	Previous JGAAP	Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
Net Interest Income and Other Revenue	8,199,273	177,004	8,376,277
Expenses	4,289.732	(395.166)	3,894.566
Profit before Taxation	3 909,541	572 170	4,481,711
Taxation	1.059,876	186.707	1,246,583
Net Profit	2.849,665	385.463	3,235,128

44. Financial Effects of Adopting International Financial Reporting Standards (Continued)

Brief descriptions of each item of difference:

(a) Financial assets classified as originated loans and available-for-sale under IFRS are carried at their amortised cost and fair values respectively. Originated loans are carried at their amortised cost using the effective yield method. The unrealised gains/losses as a result of the re-measurement of the available-for-sale investments to fair value are recognised in the cumulative re-measurement result from available-for-sale financial assets.

(b) A loan loss reserve was established to represent the difference in the loan loss provision between IAS 39 requirements and the Bank of Jamaica regulatory requirements loan loss provision which amounted to for the Group $806.524,000 (2001 - $844.574,000) and the Bank $765,292,000 (2001- $782.490,000).

(c) Assets are carried at historical cost less depreciation and impairment losses. As a result, assets previously carried at revalued amounts are restated to their original cost. Net adjustments amounted to for the Group $427.702,000 (2001 - $435,506,000) and the Bank $408.856.000 (2001 - $416,058,000).

(d) Provision for deferred tax is now made in full using the liability method. Deferred tax was recognised as a result of re-measurement of available-for-sale securities, loan loss provision, pension and post-retirement benefits and accelerated tax depreciation. which amounted to for the Group $1.201,399.000 (2001- $1,020,106,000) and the Bank $1.192,029,000 (2001 - $1.005,321,000).

(e) Provision for pension obligations, which was not required under previous Jamaican GAAP, is now made in full. The provision for pension obligations is determined by independent actuaries using the Projected Unit Credit Method. The amount recognised in the balance sheet for the Group's and the Bank's pension scheme and post requirement obligations based on the latest actuarial valuation were $2.749 198,000 (2001 - $2,159.108,000) and $190.232,000 (2001 - $165,292,000 respectively for the Bank and the Group.

44. Financial Effects of Adopting International Financial Reporting Standards (Continued)

Brief descriptions of each item of difference:

(f) IAS 10 determines when an enterprise should adjust its financial statements for events after the balance sheet date. Where dividends to holders of equity shares are proposed or declared after the balance sheet date, an enterprise should not recognise those dividends as a liability at the balance date. Accordingly, dividend payable for the year ended 31 October 2002 $446,403,000 (2001 - $402,494,000) have been reclassified and shown as proposed dividends as a separate component of stockholders' equity.

(g) Companies are required to recognise outstanding vacation under a defined benefit plan, as a result, for the Group $39,983,000 (2001 - $38,790,000) and the Bank $35,673,000 (2001 – $34,609,000) were accrued in other liabilities.

GLOSSARY

Assets held in Trust
Assets administered by the Bank and its subsidiaries, which are beneficially owned by customers and are therefore not reported on the consolidated balance sheet. Services provided in respect of these assets are administrative in nature, such as security custody, trusteeship, stock transfer and personal trust services. Assets held in trust may also be managed by the Bank or its subsidiaries.

Bankers' Acceptances (BAs)
A type of negotiable, short-term debt security, generally issued by a non-financial entity and guaranteed for a fee, by the issuer's bank.

Basis Point
A unit of measure defined as one-hundredth of one per cent.

Capital
Consists of common shareholders' equity and preferred shareholders' equity. Capital funds support asset growth, provide against loan losses, and protect the Bank's depositors.

General Provision
Established against the loan portfolio in the Bank's business lines when the Bank's assessment of economic trends suggests that losses may occur, but that such losses cannot yet be determined on an item-by-item basis.

Guarantees & Letters of Credit
Assurances given by the Bank that it will make payments on behalf of customers to third parties in the event that the customers default. The Bank normally has recourse against its customers for funds advanced under such arrangements.

Net Interest Margin
Net interest income, expressed as a percentage of average total assets.

Non-Performing Loans
Loans on which the Bank no longer has reasonable assurance as to the timely collection of interest and principal, or where a contractual payment is past due a prescribed period. Interest is not accrued on non-performing loans.

Off-Balance Sheet Instruments
These instruments are comprised of indirect credit commitments, which include the Bank's commitments to extend credit facilities to its customers which are not yet drawn.

Productivity Ratio
Productivity ratio measures the efficiency with which the Bank incurs expenses to generate revenue. It expresses non-interest expenses as a percentage of the sum of net interest income and other income. A lower ratio indicates improved productivity.

Provisions for Loan Losses
An allowance set aside from income, which, in management's opinion, is adequate to absorb all credit-related losses in its portfolio of both on and off-balance sheet items. It is decreased by write-offs, realized losses and recoveries, and increased by new provisions for loan losses. The provisions for loan losses is deducted from the related asset category on the balance sheet.

Repos
Repos is the short form for "obligations related to assets sold under repurchase agreements" - a short-term transaction whereby the Bank sells securities to a customer and simultaneously agrees to repurchase the securities on a specified date and at a specified price. It is a form of short-term funding.

Return on Equity (ROE)
Net income, less preferred share dividends, expressed as a percentage of average common shareholders equity.

Reverse Repos
Reverse Repos is the short form for "assets purchased under resale agreements" - a short-term transaction whereby the Bank purchases securities from a customer and simultaneously agrees to resell the securities on a specified date and at a specified price. It is a form of short-term collateralized lending.

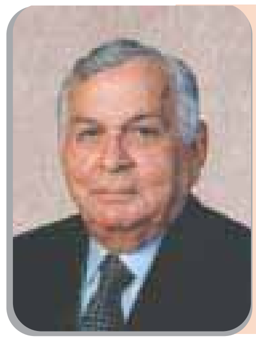
Risk-Adjusted Assets
Calculated using weights based on the degree of credit risk for each class of counterparty. Off-balance sheet instruments are converted to balance sheet equivalents, using specified conversion factors, before the appropriate risk weights are applied.

Tier 1, Tier 2 Capital Ratios
These are ratios of capital to risk-adjusted assets, as stipulated by the Bank of Jamaica, based on guidelines developed under the auspices of the Bank for International Settlements (BIS). Tier 1 capital, the more permanent, consists primarily of common shareholders' equity plus non-cumulative preferred shares, and certain designated retained earnings which by statute may not be distributed or reduced without permission from the Bank of Jamaica less unamortized goodwill. Tier 2 is mainly the general provision.

Board of Directors of the Bank
as at 31 October 2003

R. Pitfield
Chairman

Mr. Robert H. Pitfield is the Executive Vice President, International Banking, of the parent Company, The Bank of Nova Scotia, Canada and is responsible for all of the Bank's retail and commercial operations outside of Canada & USA. He was appointed a Director and Chairman of The Bank of Nova Scotia Jamaica Limited on May 22, 2003 and is a member of the Executive and Pension Committees.

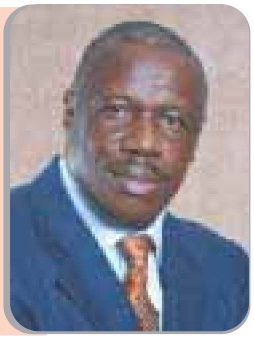


Hon. M. M. Matalon, O.J.
Deputy Chairman

Hon. Mayer Matalon is the Deputy Chairman of the I.C.D. Group Limited. He is also the Deputy Chairman of the Board of the Bank and Chairman of the Executive Committee of the Board. Mr. Matalon has been a Director of the Bank since 1966.

W. E. Clarke, C.D.

Mr. William Clarke, Managing Director of the Bank, was appointed to the Board on May 18, 1995. He is a member of the Executive and Pension Committees of the Board and is also a Director of Scotia Jamaica Investment Management Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica General Insurance Brokers Limited, Scotia Financial Services Limited and Scotiabank Jamaica Foundation.



A. V. Chang

Mr. Anthony Chang is the Managing Director of Consolidated Bakeries (Ja.) Limited. He was appointed to the Board of the Bank on February 5, 2001 and is a member of the Human Resources and Pension Committees of the Board. Mr. Chang is also a Director of Scotia Jamaica Life Insurance Company Limited.

A. C. Allen, OBE

Mr. Anthony C. Allen is the Managing Director of Scotiabank (Bahamas) Limited. He was appointed a Director of The Bank of Nova Scotia Jamaica Limited on August 28, 2003.

W. A. McDonald

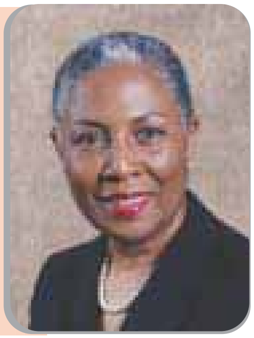
Mr. Warren McDonald is the Managing Director and Chief Executive Officer of Berger Paints Jamaica Limited. Mr. McDonald was appointed to the Board of the Bank on February 5, 2001 and is a member of the Audit and Pension Committees. He is also a Director of Scotia Jamaica Investment Management Limited.

Prof. C. D.C. Christie

Celia Christie is a Professor of Pediatrics and a specialist in Pediatric infectious diseases, epidemiology and Public Health at the University of the West Indies. Professor Christie has been a Director of the Bank since February 5, 2001 and is also a member of the Audit and Conduct Review Committees of the Board. She is also a Director of Scotia Jamaica Life Insurance Company Limited.

Dr. J. A. Dixon

Dr. Jean Dixon is the Permanent Secretary in the Ministry of Industry, Commerce and Technology. She has been a Director since February 19, 1998 and is a member of the Executive and Audit Committees of the Board. Dr. Dixon is also the Chairperson of the Board of Directors of The Scotia Jamaica Building Society and Scotiabank Jamaica Foundation.



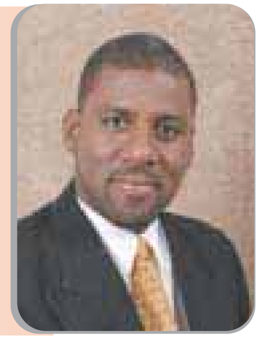
Board of Directors of the Bank
as at 31 October 2003

P. C. Godsoe

Mr. Peter Godsoe is Chairman of the Board and Chief Executive Officer of the parent Company, The Bank of Nova Scotia, Canada. He has been a Director of The Bank of Nova Scotia Jamaica Limited since February 18, 1982 and is also a member of the Board of Scotia Jamaica Investment Management Limited.

Dr. W. St. A. Henry

Dr. Wayne St. Aubyn Henry is currently a lecturer at the University of the West Indies in the Department of Economics with emphases on Macroeconomics, Finance and Agriculture. He has been a director since February 20, 2003 and is a member of the Conduct and Human Resources Committees of the Board. He is also a Director of Scotia Jamaica Investment Management Limited.



Miss M. M. Issa

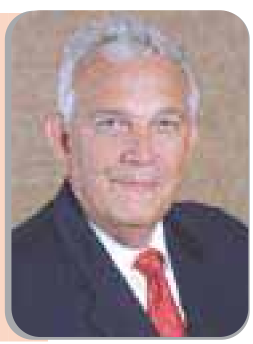
Miss Muna Issa is the Treasurer of SuperClubs. She has been a Director of the Bank since August 26, 1999 and is also a member of the Human Resources Committee of the Board. Miss Issa is also the Chairperson of the Board of Scotia Jamaica Life Insurance Company Limited and a member of the Board of The Scotia Jamaica Building Society.

Miss M. A. Israel

Miss Minna Israel, Deputy Managing Director of the Bank, was appointed to the Board on May 22, 2003. Miss Israel is a Director of Scotia Jamaica Investment Management Limited, Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica General Insurance Brokers Limited, Scotia Financial Services Limited and Scotiabank Jamaica Foundation.

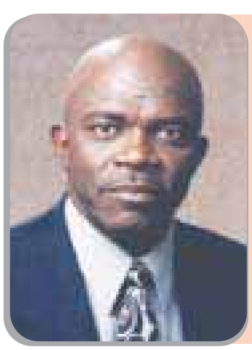
C. H. Johnston

Mr. Charles Johnston is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited. He was appointed to the Board of the Bank on August 22, 2002 and is the Chairman of the Human Resources Committee and a member of the Executive Committee of the Board.



W. A. McConnell, C.D.

Mr. William McConnell is the Managing Director of Lascelles DeMercado Company Limited. He has been a Director of the Bank since February 18, 1988. He is also a member of the Executive and Pension Committees of the Board and Chairman of Scotia Jamaica Investment Management Limited.



Dr. H. J. Thompson

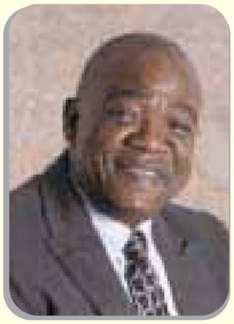
Dr. Herbert Thompson is the President of The Northern Caribbean University. He was appointed to the Board of the Bank on August 19, 1998 and is also a member of the Executive, Audit and Conduct Review Committees of the Board. Dr. Thompson is also Deputy Chairman of the Board of The Scotia Jamaica Building Society.

R. E. Waugh

Mr. Richard E. Waugh is the President of The Bank of Nova Scotia, Canada. Mr. Waugh is a member of the Board of Directors of The Bank of Nova Scotia and several of the Bank's subsidiaries and affiliates. He was appointed to the Board of Directors of The Bank of Nova Scotia Jamaica Limited on February 20, 2003.

Boards of Directors of Subsidiaries and Scotiabank Jamaica Foundation

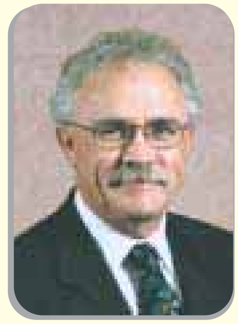
as at 31 October 2003



E. J. Anderson
SJGIB, SJF

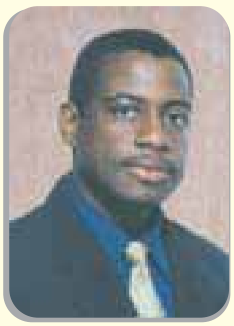
Dr. C. D. Archer
SJBS

Ms. E. M. Brown
SJIM, SJF

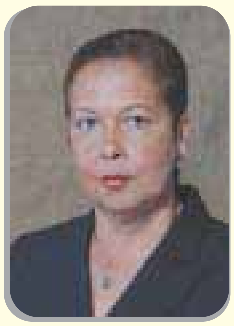


J. R. Macdonald
SJIM

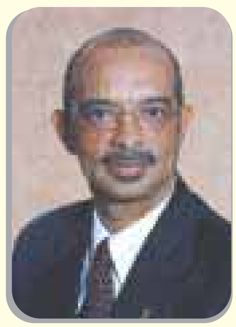
P. I. Noble
SJLIC



R. U. Patrick
SJIM

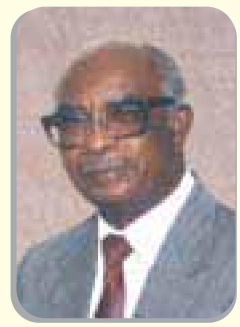


Mrs. R. Pilliner
SJF

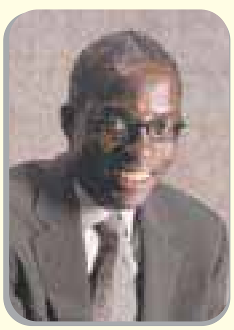


H. W. Powell
SJGIB, SJBS, SJF

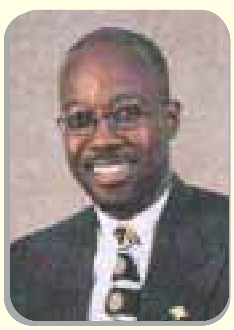
Mrs. M. Powell
SJBS, SJF



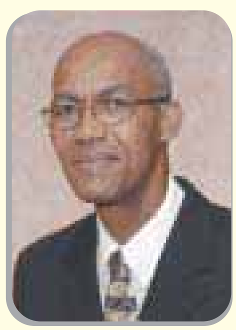
Rev. C. S. Reid
SJBS



P. J. Reid
SJGIB, SJF



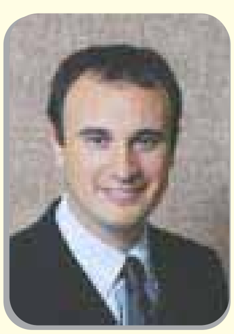
H. A. Reid
SJLIC



D. D. Richardson
SJGIB, SJIM, SJBS

Miss J. V. Robinson
SJGIB

Dr. A. E. Samuels
SJLIC



P. B. Scott
SJLIC

Miss J. A. Thompson
SJBS

Miss S. A. Wright
SJLIC, SJF

Scotia Jamaica Life Insurance Company Limited (SJLIC)

Scotia Jamaica General Insurance Brokers Limited (SJGIB)

Scotia Jamaica Investment Management Limited (SJIM)

The Scotia Jamaica Building Society (SJBS)

Scotiabank Jamaica Foundation (SJF)

EXECUTIVE AND SENIOR MANAGEMENT OFFICERS

EXECUTIVE OFFICERS

William E. Clarke
Managing Director

Miss Minna A. Israel
Deputy Managing Director

H. Wayne Powell
Senior General Manager,
Retail Products & Marketing

Mrs. Rosemarie A. Pilliner
Senior General Manager,
Operations & Service Delivery

Dwight D. Richardson
General Manager,
Capital Markets & Project Financing

Miss Stacie-Ann Wright
General Manager & Chief Financial Officer

Henri R. Bourdeau
Vice President, Risk Management

Kevin J. Workman
General Manager,
Corporate & Commercial Banking

SENIOR MANAGEMENT OFFICERS

Audit

Brian K. Webb,
Chief Auditor

Corporate Affairs & Marketing

Mrs. Marie Powell,
General Manager,
Corporate Affairs & Marketing

Corporate & Commercial Banking

Bevan Callam,
Assistant General Manager,
Corporate & Commercial Risk

Wayne Hewitt,
Assistant General Manager,
Business Development

SENIOR MANAGEMENT OFFICERS cont'd.

Corporate Human Resources

Rion B. Hall,
General Manager,
Human Resources

Michael D. Jones,
Assistant General Manager,
Human Resources

Credit Risk Management

Donald O. Williams,
General Manager,
Credit Risk Management

District General Managers

Egerton G. Anderson

Peter J. Reid

Employee Communications & Consultations Unit

Mrs. Rosemarie Bailey-Chung,
Director

Finance

Miss Shirley K. Ramsaran,
Assistant General Manager,
Finance & Comptroller

Information Systems Centre

Miss Sharon A. Colquhoun,
General Manager

Legal & Company Secretariat

David A. Noël,
Senior Legal Counsel & Secretary

Operations and Shared Services

Mrs. Suzette A. M McLeod,
General Manager, Shared Services

David M. Williams,
Assistant General Manager,
Operations & Sales Support

Miss Lizander U. Melhado,
Assistant General Manager,
Loan Recoveries

SENIOR MANAGEMENT OFFICERS cont'd.

Private Banking Services

Miss Bridget A. Lewis,
General Manager

Retail & Electronic Banking

Mrs. Audrey M. Tugwell-Henry,
General Manager,
Retail & Electronic Banking

Clyde C. Singh,
Assistant General Manager,
Electronic Banking

Roger R. Cogle,
Assistant General Manager,
Retail Banking

The Scotia Jamaica Building Society

Gladstone F. Whitelocke,
General Manager

Scotia Jamaica General Insurance Brokers Limited

Mrs. Joyce Beadle-Desousa,
General Manager

Scotia Jamaica Investment Management Limited

Miss Janice V. Robinson,
General Manager

Scotia Jamaica Life Insurance Company Limited

Peter Noble,
President

Mrs. Jacqueline T. Sharp,
General Manager

Scotiabank Jamaica Foundation

Mrs. Marie Powell,
Executive Director

BRANCHES AND MANAGERS

BLACK RIVER
6 High Street
P. O. Box 27
Black River
St. Elizabeth

T. C. M. James, Manager

BROWN'S TOWN
Main Street
P. O. Box 35
Brown's Town
St. Ann

Mrs. D. Maxwell, Manager

CHRISTIANA
Main Street
P. O. Box 11
Christiana, Manchester

M. A. Lee, Manager

CROSS ROADS
86 Slipe Road
P. O. Box 2
Kingston 5

J. A. Clarke, Manager

FALMOUTH
Trelawny Wharf
P. O. Box 27
Falmouth,
Trelawny

S. H. Thompson, Manager

HAGLEY PARK ROAD
128 Hagley Park Road
P. O. Box 5
Kingston 11

Miss V. I. Omess, Manager

C. C. Wiggan, Asst. Manager

HALF-WAY-TREE
80 Half-Way-Tree Road
P. O. Box 5
Kingston 10

D. E. Walters, Manager

Miss G. N. Crawford,
Senior Account Manager

V. A. Harvey,
Assistant Manager, Operations & Service

L. M. Reynolds, Account Manager,

Mrs. A.Y. Howard, Account Manager

N. A. Rainford, Account Manager

Mrs. K. Brown White, Account Manager

HIGHGATE
Main Street
P. O. Box 9
Highgate
St. Mary

Miss P. J . Douglas, Manager

IRONSHORE SERVICE CENTRE
Shops 2 & 3, Golden Triangle
Shopping Centre
Ironshore
Montego Bay

Miss D. M. Mortimer, Manager

JUNCTION
Junction P. O.
St. Elizabeth

E. R. Mullings, Manager

KING STREET
35-45 King Street
P. O. Box 511, Kingston

T. V. Allen, Manager

Mrs. W. D. O'Connor, Asst. Manager

Mrs. L. D. Stewart, Asst. Manager, Operations

D. W. Quarrie, Asst. Manager,
Personal Banking

LIGUANEA
125-127 Old Hope Road
P. O. Box 45
Kingston 6

S. A. Distant, Manager

LINSTEAD
42 King Street
P. O. Box 19
Linstead
St. Catherine

Miss J. Carter, Manager

K. E. Reese, Asst. Manager

LUCEA
Willie Delisser Boulevard
P. O. Box 63
Lucea
Hanover

P. A.Elliot, Manager

MANDEVILLE
1A Caledonia Road
P. O. Box 106
Mandeville, Manchester

A.C. Bright, Manager

Miss A. E. Senior, Asst. Manager, Credit

C. A. Dawes, Manager,
Personal Banking

Mrs. S. L. Wright, Asst. Manager,
Operations & Service

MAY PEN
36 Main Street
P.O. Box 32
May Pen
Clarendon

Mrs. B. M. Corrie, Manager

MONTEGO BAY
6-7 Sam Sharpe Square
P.O. Box 311
Montego Bay
St. James

C. A. Sylvester, Manager

Miss M. Flake, Senior Asst. Manager

Miss S. Lue, Asst. Manager

Mrs. A. M. Walters, Asst. Manager, Operations

W. Carr, Asst. Manager,
Personal Banking

MORANT BAY
23 Queen Street
P. O. Box 30
Morant Bay
St. Thomas

A. D. Johnson, Manager

NEGRIL
Negril Square
Negril P. O.
Westmoreland

G. E. Gray, Manager

NEW KINGSTON
2 Knutsford Boulevard
P. O. Box 307
Kingston 5

B. C. Chisholm, Manager

E. A. Blake, Asst. Manager

Mrs. M. G. Rutland, Asst. Manager,
Personal Banking

M. S. Nelson. Asst. Manager, Operations

BRANCHES AND MANAGERS

OCHO RIOS
Main Street
P. O. Box 150
Ocho Rios
St. Ann

P. R. Gajraj, Manager

C. A. Marshall, Asst. Manager

OLD HARBOUR
4 South Street
P. O. Box 43
Old Harbour
St. Catherine

Miss M. A. Foster, Manager

OXFORD ROAD
6 Oxford Road
P. O. Box 109
Kingston 5

Mrs. J. A. Sutherland, Manager

PORT ANTONIO
3 Harbour Street
P. O. Box 79
Port Antonio
Portland

F. Wright, Manager

PORT MARIA
57 Warner Street
P. O. Box 6
Port Maria
St. Mary

Mrs. L. Hemmings, Manager

PREMIER
10 Constant Spring Road
P. O. Box 509
Kingston 10

A. A. Boyd, Manager

ST. ANN'S BAY
18 Bravo Street
P. O. Box 2
St. Ann's Bay
St. Ann

Miss T. M. Palmer, Manager

SANTA CRUZ
77 Main Street
P. O. Box 20
Santa Cruz
St. Elizabeth

Mrs. N. F. Haughton, Manager

SAVANNA-LA-MAR
19 Great George's Street
P.O. Box 14
Savanna-La-Mar
Westmoreland

Mrs. L. A. Martin, Manager

Miss G. A. McDonald, Asst. Manager

SCOTIABANK CENTRE
Cnr. Duke & Port Royal Streets
P. O. Box 59
Kingston

P. A. Chin, Manager

C. A. Lazarus, Account Manager

D. A. James,
Asst. Manager, Personal Banking

Mrs. W. M. Mowatt,
Operations Manager

SPANISH TOWN
27 Adelaide Street
Spanish Town
St. Catherine

R. A. Sangster, Manager

Mrs. I. C. Tucker, Snr. Asst. Manager

UWI, MONA CAMPUS
Cnr. Ring Road & Shed Lane
Kingston 7

J. Smalling, Manager

VICTORIA & BLAKE
29 Victoria Avenue
P.O. Box 625
Kingston

N. Stultz, Manager

WESTGATE
Westgate Shopping Centre
P.O. Box 11
Montego Bay
St. James

Mrs. Y. T. Leslie, Manager

SUB-BRANCHES

APPLETON
(Sub to Santa Cruz)
Appleton P. O.
St. Elizabeth

BARNETT STREET
(Sub to Montego Bay)
51 Barnett Street
Montego Bay
St. James

CLAREMONT
(Sub to St. Ann's Bay)
Claremont P.O.
Claremont
St. Ann

CLARK'S TOWN
(Sub to Falmouth)
Clark's Town P. O.
Trelawny

FRANKFIELD
(Sub to Christiana)
Frankfield
Clarendon

GAYLE
(Sub to Ocho Rios)
Gayle P. O.
St. Mary

ORACABESSA
(Sub to Port Maria)
Oracabessa P. O.
St. Mary

PARK CRESCENT
(Sub to Mandeville)
17 Park Crescent
Mandeville
Manchester

The Banker
Bank of the Year 2003
Jamaica

WHOLLY-OWNED SUBSIDIARIES AND SCOTIABANK JAMAICA FOUNDATION

Boards of Directors and Senior Officers

as at 31 October 2003

SCOTIA JAMAICA GENERAL INSURANCE BROKERS LIMITED

(Formerly Scotia Jamaica Insurance Agency Limited)
5th Floor, Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Board of Directors
W. E. Clarke, C.D. - Chairman
E. H. Anderson
P. J. Reid
Miss M. A. Israel
H. W. Powell
D. D. Richardson
Miss J. V. Robinson

Senior Officers:
Mrs. J. H. Beadle-DeSousa
General Manager

Mrs. A. E. Scarlett
Manager, Business Development/Marketing

Ms. C. A. Barrett
Manager, Finance & Operations

SCOTIA JAMAICA INVESTMENT MANAGEMENT LIMITED

(formerly Scotiabank Jamaica Trust and Merchant Bank Limited)
4th Floor, Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 627
Kingston, Jamaica

Board of Directors
W. A. McConnell, C.D. - Chairman
W. E. Clarke, C.D.
Ms. E. M. Brown
P. C. Godsoe
Dr. W. St. A. Henry
Miss M. A. Israel
J. R. Macdonald
W. A. McDonald
R. U. Patrick
D. D. Richardson

Senior Officers:
Miss J.V. Robinson
General Manager

H. G. Miller
Senior Manager, Investment Management Services

Miss N. K. Hines
Manager, Trust & Registration Services

G. A. White
Manager, Finance & Operations

B. O. Frazer
Manager, Securities, Trading & Investments

SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED

5th Floor, Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Board of Directors
Miss M. M. Issa - Chairperson
W. E. Clarke, C.D.
A. V. Chang
Prof. C. D. C. Christie
Miss M. A. Israel
P. I. Noble
H. A. Reid
Dr. A. E. Samuels
P. B. Scott
Miss S. St. T. Wright

Senior Officers:
P. I. Noble
President

Mrs. J. T. Sharp
General Manager

Mrs. R. N. M. Patrick
Senior Manager, Finance & Investments

Mrs. C. M. Miller
Senior Manager, Sales & Marketing

Ms. L. S. Heslop
Manager, Operations & Customer Service

THE SCOTIA JAMAICA BUILDING SOCIETY

95 Harbour Street
P.O. Box 8463
Kingston, Jamaica

Board of Directors
Dr. J. A. Dixon - Chairperson
Dr. H. J. Thompson - Deputy Chairman
Dr. C. D. Archer
W. E. Clarke, C.D.
Miss M. M. Issa
H. W. Powell
Mrs. M. Powell
Rev. C. S. Reid
D. D. Richardson
Miss J. A. Thompson

Senior Officers:
G. F. Whitelocke
General Manager

Mrs. M. A. Anthony
Manager, Finance & Operations

P. F. Williams
Manager, Mortgage Services

SCOTIA JAMAICA FINANCIAL SERVICES LIMITED

(formerly West India Company of Merchant Bankers Limited)
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Board of Directors
W. E. Clarke, C.D.- Chairman
Miss M. A. Israel
H.W. Powell
Mrs. M. Powell
P. J. Reid
D. D. Richardson
Miss S. St. T. Wright

SCOTIABANK JAMAICA FOUNDATION

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Board of Directors
Dr. J. A. Dixon - Chairperson
E. H. Anderson
Ms. E. M. Brown
W. E. Clarke, C.D., Deputy Chairman
Miss M. A. Israel
Mrs. R. A. Pilliner
H. W. Powell
Mrs. M. Powell
P. J. Reid
Miss S. St. T. Wright

Senior Officer:
Mrs. M. Powell
Executive Director

BRIGHTON HOLDINGS LIMITED

Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Board of Directors
W.E. Clarke, C.D. - Chairman
E. H. Anderson
N.A. Baker
D.D. Richardson

THE BANK OF NOVA SCOTIA JAMAICA LIMITED COMMITTEES & MEMBERS

EXECUTIVE COMMITTEE OF THE BOARD

Hon. M. M. Matalon, O.J.
Chairman

W. E. Clarke, C.D.
Dr. J. A. Dixon
W. A. McConnell, C.D.
C. H. Johnston
R. Pitfield
Dr. H. J. Thompson

HUMAN RESOURCES COMMITTEE

C. H. Johnston
Chairman

A. V. Chang
Miss M. M. Issa
Dr. W. St. A. Henry

AUDIT COMMITTEE

Dr. J. A. Dixon
Chairperson

Prof. C. D. C. Christie
W. A. McDonald
C. H. Johnston
Dr. H. J. Thompson

PENSION COMMITTEE

W. A. McConnell, C.D.
Chairman

R. Pitfield
W. E. Clarke, C.D.
A. V. Chang
W. A. McDonald

CORPORATE DATA

SECRETARY

Mr. David A. Noël
Senior Legal Counsel
& Corporate Secretary

The Bank of Nova Scotia
Jamaica Limited
Managing Director's Office
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

REGISTRAR & TRANSFER AGENT

Scotia Jamaica Investment
Management Limited
(formerly Scotiabank Jamaica Trust
and Merchant Bank Limited)
4th Floor, Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 627
Kingston, Jamaica

Telephone: (876) 922.1810
Fax: (876) 922.3378

AUDITORS

PricewaterhouseCoopers
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 372
Kingston, Jamaica

Telephone: (876) 922.6230
Fax: (876) 922.7581

REGISTERED OFFICE

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Telephone: (876) 922.1000
Fax: (876) 922.6548
Website: www.scotiabank.com.jm
Telex: 2297
SWIFT Bic Code: NOSCJMKN

NOTES

PROXY FORM

THE BANK OF NOVA SCOTIA JAMAICA LIMITED

I/We...

of..

in the parish of ....being a Member of the above Company, hereby appoint the Chairman of the Meeting or failing him (see Note 1)...

....of

....or failing

them..of

....as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 20th day of February 2004 and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his discretion.

RESOLUTION	FOR	AGAINST
NO. 1		
NO. 2		
NO. 3(a)		
NO. 3(b)		
NO. 3(c)		
NO. 3(d)		
NO. 3(e)		
NO. 3(f)		
NO. 3(g)		
NO. 4		
NO. 5		

As witness my hand this...day of..200...................

....
Signature

1. If you wish to appoint a proxy other than the Chairman of the Meeting, please insert the person's name and address and delete (initialing the deletion) "the Chairman of the Meeting".

2. To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the office of the Registrar of the Company, Scotia Jamaica Investment Management Limited (formerly Scotiabank Jamaica Trust and Merchant Bank Limited), 4th Floor, Scotiabank Centre, Cnr. Duke & Port Royal Streets, Kingston, at least 48 hours before the time appointed for the holding of the meeting.

3. To this form must be affixed a $100.00 stamp in payment of stamp duty.

4. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

5. To be effective, this form of proxy must be signed by the appointer or his attorney, duly authorised in writing or, if the appointer is a corporation, must be under its common seal or be signed by some officer or attorney duly authorised in that behalf.